What is VOLSAP?

• VOLSAP is a service award program established to provide a financial incentive and monetary award to eligible volunteer firefighters and rescue squad workers who participate in the program.

• The program allows eligible volunteers to contribute money that is then invested alongside the approximately $78 billion VRS pension trust fund in a widely diversified portfolio.

• Local departments, squads and localities may, but are not required to, make matching contributions.

• The state may also make matching contributions, although no such match has been provided to date.
Membership Eligibility

• Must be a member of a *bona fide* volunteer rescue squad or fire department
  – Requires active engagement in the performance of firefighting and prevention services or emergency medical and ambulance services

• Local departments and squads may impose additional eligibility requirements

• See your local department or squad for eligibility
Membership Enrollment

• Submit a VOLSAP 1 Form – Application for Membership
  – Requires basic personal information
  – A local department or squad representative must certify your membership with the department
• Review the Application carefully and consider any purchase of prior service
• A participant may only maintain one VOLSAP membership, despite volunteering for two separate departments or squads
Purchase of Prior Service

• A full distribution requires 10 years of volunteer service credit, and you may be eligible to purchase service credit if you have previous volunteer service prior to joining VOLSAP
• One year of service credit costs $120. These funds are deposited into your VOLSAP account
• You may purchase up to 10 years of service credit, but at a rate of 1 year for every 2 years of prior service
  – Example: Susan did not volunteer prior to joining VOLSAP. She may not purchase any service credit
  – Example: Claire volunteered for 14 years prior to joining VOLSAP. She may purchase 7 years of service credit at a cost of $840
  – Example: Ted volunteered for 23 years prior to joining VOLSAP. He may purchase the maximum 10 years of service credit at a cost of $1,200
Participation

• Submit a quarterly $30 payment to your local department or squad (amount subject to change)
• Matching contributions, if any, will be automatically applied to your account
• You will receive an annual statement of your account reflecting investment performance
• Continue earning service credit for every month of qualifying volunteer service for which required payments are made
Investment of Your Contributions

• The Virginia Retirement System (VRS) invests your contributions, and the third-party administrator, Findley (formerly BPS&M), maintains a separate accounting for each participant

• VOLSAP contributions are invested solely at the direction of the VRS Board of Trustees

• Investment performance is published quarterly and can be located at www.varetire.org/investments/index.asp
Example of Quarterly Investment Performance Report

Virginia Retirement System
Performance Summary
As of March 31, 2018

<table>
<thead>
<tr>
<th>TOTAL FUND PERFORMANCE</th>
<th>10 Yr</th>
<th>5 Yr</th>
<th>3 Yr</th>
<th>1 Yr</th>
<th>Qtr</th>
<th>Month</th>
<th>Fiscal YTD</th>
<th>Cal YTD</th>
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<tbody>
<tr>
<td>Total Public Equity Strategies</td>
<td>6.5</td>
<td>9.8</td>
<td>7.7</td>
<td>13.3</td>
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<td>-1.7</td>
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<td>-0.9</td>
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<td>Benchmark ¹</td>
<td>6.1</td>
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<td>0.6</td>
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<tr>
<td>Benchmark ⁴</td>
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<td>Total Private Equity</td>
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</table>

(Note: Your actual returns may differ due to various considerations, including the timing of contributions and distributions)
Investment Accounting

• Each participant’s account contains a record of contributions from three separate sources:
  – Participant contributions
  – Matching contributions made by the local department, squad or locality, if any
  – Matching contributions made by the state
    • Note: To date, there have been no matching contributions made by the state
Distribution of Account Balances

• An unreduced distribution becomes available upon:
  – Reaching age 60 and
  – Having at least 10 years of service credit

• A partial distribution becomes available upon:
  – Reaching age 60 and
  – Having 5 years of service credit

• Prior to being eligible for a distribution:
  – A participant is only entitled to receive his or her participant contributions, less any investment losses and a $25 administrative fee
  – A participant irrevocably forfeits all matching contributions and associated investment gains/losses by withdrawing funds prior to meeting minimum age/service requirements
Unreduced Distribution

• Lump sum includes:
  – All participant contributions and associated investment gains/losses
  – All matching contributions made on behalf of the participant by the local department, squad or locality, and associated investment gains/losses
  – All matching contributions made on behalf of the participant by the state, and associated investment gains/losses. (Note: To date, there have been no matching contributions made by the state.)
Example

• Susan applied for a distribution on her 65\textsuperscript{th} birthday with 10 years of volunteer service credit. Therefore, she is entitled to an unreduced distribution. Her lump sum distribution will include:
  – Her contributions;
  – Contributions made on her behalf by her local department, squad and locality, if any;
  – 100\% of contributions made on her behalf by the state government’s general fund appropriations, if any; and
  – All associated investment gains or losses
Partial Distribution

- Partial distributions occur after age 60 and when you have fewer than 10 years of service. A partial distribution is made up of:
  - All participant contributions and associated investment gains/losses
  - All matching contributions made on behalf of the participant by the local department, squad or locality, and associated investment gains/losses
  - Partial matching contributions made on behalf of the participant by the state, if any, and partial investment gains/losses
Partial Distribution (continued)

• The percentage of matching state contributions and associated investment gains/losses that a participant receives is based on years of service credit
  – 5%: At least 5 years, but less than 6
  – 10%: At least 6 years, but less than 7
  – 25%: At least 7 years, but less than 8
  – 45%: At least 8 years, but less than 9
  – 70%: At least 9 years, but less than 10

Note: To date, there have been no matching contributions made by the state
Example

• Ted applied for a distribution on his 60th birthday with 9 years of service credit. Therefore, he is entitled to a partial distribution. His lump sum distribution will include:
  – 100% of his contributions and associated investment gains or losses;
  – 100% of any matching contributions made on his behalf by his local department, squad or locality and associated investment gains or losses; and
  – 70% of contributions made by the state’s general fund appropriations and any investment gains or losses applicable to the state’s contributions made on his behalf.
  (Note: To date, there have been no matching contributions made by the state.)
FAQs

• What are the costs to participate?
  – A participant does not incur any individual charges to participate in VOLSAP other than the quarterly $30 contribution. However, if a participant ceases to participate in VOLSAP for any reason (i.e., receives a distribution, defaults on payments, etc.), then a one-time fee of $25 is required to reactivate his or her participation. Fees associated with the investment services provided are charged to the VOLSAP Fund as a whole and treated as a cost of administering the fund.

• I am a member of multiple volunteer departments or squads. Can a supplemental contribution be made on my behalf by more than one volunteer department, squad or locality?
  – No. According to the Code of Virginia: “In the event an eligible volunteer is in more than one eligible position, he must choose the position upon which his membership will be determined.” This does not prevent simultaneous contributions from a volunteer department or squad and its governing locality. For the purpose of determining membership, however, any eligible volunteer will be treated as if he or she is in only one eligible position, regardless of the actual number of eligible positions.

• Whom do I contact to join?
  – If interested in participating in VOLSAP, please contact your local volunteer department or squad for further information. You can also contact Findley, the VOLSAP third-party administrator, at volsap@findley.com.
FAQs (continued)

• How much money is contributed on my behalf by the local department or squad, the locality, and the state government?
  – Matching contributions are not mandatory and are dependent upon funding. A local department or squad, locality, or the General Assembly may appropriate funds to match a portion of participant contributions. Local departments or squads, localities, or the General Assembly must appropriate funds to provide for matching contributions.

• Can I skip a quarterly contribution?
  – No. Quarterly contributions are mandatory. The current contribution amount is $30. If a participant becomes 6 months delinquent in submitting quarterly payments, then he or she will lose eligibility and can only be reinstated through written request to the VOLSAP Board.

• What happens to my money if I die?
  – Upon the death of a participant, the account balance is payable in accordance with Virginia law unless the participant has a beneficiary designation on file. To file a beneficiary designation, submit a completed Beneficiary Election Change Form (VOLSAP 4).
FAQs (continued)

• Can I roll over my contributions into one of my other retirement accounts, such as my 401(k), 401(a), 457 or 403(b)?
  – No, a participant may not roll over VOLSAP funds into another tax-advantaged account. Unlike most retirement accounts that allow pre-tax contributions or do not tax earnings upon withdrawal, VOLSAP contributions are made on a post-tax basis and earnings may be taxable upon withdrawal. The only way a participant may access his or her VOLSAP funds is by applying for a lump sum distribution.

• When will I receive my distribution?
  – Distributions occur once per year, between July 1st and October 31st. Distribution requests must be submitted by June 10th.

• Can I receive a distribution in a manner other than a lump sum?
  – No. Currently a lump sum distribution is the only option.

• Do I have to pay taxes on my distribution?
  – VOLSAP advises all participants to consult a tax professional to determine the tax implications of a distribution. None of VOLSAP’s communications or website material should be considered tax advice. Generally, however, investment gains are subject to taxation, while the principal amount of participant-paid contributions is not taxable because contributions are made on a post-tax basis and have therefore already been taxed.
FAQs (continued)

• Can I contribute more than $30 per quarter?
  – No, a participant may not currently contribute more than $30 per quarter. The amount may be increased in the future.

• Can I select my investments?
  – No. VOLSAP funds are commingled with the VRS trust fund for purposes of investment. Unlike a defined contribution plan such as a 401(k), there is no individual participant investment direction.
Questions? Contact us?

**Regular Mail**
Wells Fargo IRT Texas Service Center/VOLSAP
P.O. Box 2577
Waco, TX 76702-2577

**Overnight Mail**
Wells Fargo IRT Texas Service Center/VOLSAP
1800 N. Valley Mills Dr.
Waco, TX 76710

**Call toll free**
1-844-749-1819

**Reference**
Sections 51.1-1200 through 51.1-1211 of the Code of Virginia

**Email**
volsap@findley.com (Findley)
volsap@varetire.org (VRS)

The VOLSAP third-party administrator is Findley (formerly BPS&M).