

112TH CONGRESS
1ST SESSION

S. 1911

To amend the Internal Revenue Code of 1986 to provide recruitment and retention incentives for volunteer emergency service workers.

IN THE SENATE OF THE UNITED STATES

NOVEMBER 18, 2011

Ms. COLLINS introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide recruitment and retention incentives for volunteer emergency service workers.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Volunteer Emergency
5 Services Recruitment and Retention Act of 2011”.

1 **SEC. 2. ELECTIVE TREATMENT OF LENGTH OF SERVICE**
2 **AWARD PROGRAMS AS ELIGIBLE DEFERRED**
3 **COMPENSATION PLANS.**

4 (a) IN GENERAL.—Section 457(e) of the Internal
5 Revenue Code of 1986 is amended by adding at the end
6 the following new paragraph:

7 “(19) SPECIAL RULES APPLICABLE TO LENGTH
8 OF SERVICE AWARD PLANS.—

9 “(A) IN GENERAL.—The term ‘eligible de-
10 ferred compensation plan’ shall include, at the
11 election of its sponsor, any length of service
12 award plan. Any such election shall be irrev-
13 ovable. In the case of a length of service award
14 plan whose sponsor has elected to have such
15 plan treated as an eligible deferred compensa-
16 tion plan, such plan shall be administered in a
17 manner consistent with the requirements of this
18 section and such sponsor shall be treated as an
19 eligible employer described in paragraph (1)(A).

20 “(B) LENGTH OF SERVICE AWARD
21 PLAN.—For purposes of this paragraph—

22 “(i) IN GENERAL.—The term ‘length
23 of service award plan’ means any plan pay-
24 ing solely length of service awards to bona
25 fide volunteers (or their beneficiaries) on

1 account of qualified services performed by
2 such volunteers.

3 “(ii) BONA FIDE VOLUNTEER.—An in-
4 dividual shall be treated as a bona fide vol-
5 unteer if the only compensation received by
6 such individual for performing qualified
7 services is in the form of—

8 “(I) reimbursement for (or a rea-
9 sonable allowance for) reasonable ex-
10 penses incurred in the performance of
11 such services, or

12 “(II) reasonable benefits (includ-
13 ing length of service awards), and fees
14 for such services, customarily paid by
15 eligible employers in connection with
16 the performance of such services by
17 volunteers.

18 “(iii) QUALIFIED SERVICES.—The
19 term ‘qualified services’ means firefighting
20 and prevention services, emergency medical
21 services, ambulance services, and emer-
22 gency rescue services.

23 “(C) MAXIMUM DEFERRAL AMOUNT.—In
24 the case of a length of service award plan whose
25 sponsor has elected to have such plan treated as

1 an eligible deferred compensation plan, sub-
2 section (b)(2) shall be applied by striking ‘the
3 lesser of—’ and all that follows and inserting
4 ‘the applicable dollar amount,’.

5 “(D) DISTRIBUTION REQUIREMENTS.—In
6 the case of a length of service award plan whose
7 sponsor has elected to have such plan treated as
8 an eligible deferred compensation plan, sub-
9 section (d)(1)(A)(ii) shall be applied by deeming
10 a severance from employment to have occurred
11 at the later of—

12 “(i) the payment date under the terms
13 of the plan, or

14 “(ii) the date on which the plan par-
15 ticipant ceases to perform qualified serv-
16 ices.

17 “(E) LIMITATION ON ACCRUALS.—

18 “(i) IN GENERAL.—In the case of a
19 length of service award plan that is a de-
20 fined benefit plan (as defined in section
21 414(j)) whose sponsor has not elected to
22 have such plan treated as an eligible de-
23 ferred compensation plan, such plan shall
24 be treated as not providing for the deferral
25 of compensation if the aggregate amount

1 of length of service awards accruing with
2 respect to any year of service for any bona
3 fide volunteer does not exceed \$5,500. In
4 the case of a length of service award plan
5 described in the preceding sentence that is
6 a defined benefit plan (as defined in sec-
7 tion 414(j)), the limitation on the annual
8 deferral shall apply to the actuarial present
9 value of the aggregate amount of length of
10 service awards accruing with respect to
11 any year of service. Such actuarial present
12 value shall be calculated using reasonable
13 actuarial assumptions and methods assum-
14 ing payment shall be made under the most
15 valuable form of payment of the length of
16 service award under the program with pay-
17 ment commencing at the later of the ear-
18 liest age at which unreduced benefits are
19 payable under the program or the partici-
20 pant's current age.

21 “(ii) COST-OF-LIVING ADJUSTMENT.—

22 In the case of taxable years beginning
23 after December 31, 2012, the Secretary
24 shall adjust the \$5,500 amount under
25 clause (i) at the same time and in the

1 same manner as under section 415(d), ex-
2 cept that the base period shall be the cal-
3 endar quarter beginning July 1, 2011, and
4 any increase under this paragraph that is
5 not a multiple of \$500 shall be rounded to
6 the next lowest multiple of \$500.”.

7 (b) CONFORMING AMENDMENTS.—

8 (1) Section 457(e)(11) of the Internal Revenue
9 Code of 1986 is amended to read as follows:

10 “(11) CERTAIN PLANS EXCLUDED.—Any bona
11 fide vacation leave, sick leave, compensatory time,
12 severance pay, disability pay, or death benefit plan
13 shall be treated as not providing for the deferral of
14 compensation.”.

15 (2) Section 3121(a)(5)(I) of such Code is
16 amended by striking “section 457(e)(11)(A)(ii)” and
17 inserting “section 457(e)(19)”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 December 31, 2011.

21 **SEC. 3. EXEMPTION OF LENGTH OF SERVICE AWARD PRO-**
22 **GRAMS FROM THE EMPLOYEE RETIREMENT**
23 **INCOME SECURITY ACT OF 1974.**

24 The Secretary of Labor shall issue guidance clari-
25 fying that a length of service award program described

1 in section 457(e)(19) of the Internal Revenue Code of
2 1986 is not an employee pension benefit plan under sec-
3 tion 3(2) of the Employee Retirement Income Security Act
4 of 1974 (29 U.S.C. 1002(2)).

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