

**Town of Old Saybrook Pension and Benefits Board**  
**Regular Meeting**  
**Thursday, January 26, 2017**  
**Location: Town Hall Conference Room**

Members Present: Suzanne Taylor, Lynn Dallas, Carl Fortuna, Ray Muratori, Carol Voigt. Others present: Accounting Liaison Janet Vinciguerra, Finance Director Lee Ann Palladino, Secretary Timothy Kellogg. Financial Consultants: Tom Forma (Morgan Stanley). Becky Sielman (Milliman).

**Welcome**

Chairperson Taylor called the meeting to order at 6:30 PM and welcomed the board.

**Minutes**

The minutes of the November 17, 2016 meeting were reviewed. A **motion** was made by Carl Fortuna and seconded by Lynn Dallas to accept the minutes as presented. All in favor. Motion approved.

**Chair's Report**

Chairperson Taylor noted that her reappointment to the Pension Board has been renewed effective January 1, 2017.

Chairperson Taylor reported on her attendance at the Firefighter's Banquet and related Issues. She thanked the firefighters for their very nice banquet. One of the department's concerns is related to the issue of an application for disability for member Eric Messner. Another fire department member came to represent him: Joe Johnson. He described the nature of the disability issue and requested that Eric Messner receive consideration for disability benefits rather than the early retirement benefit. Discussion took place about the available options for determination. Becky Sielman addressed permanent disability qualifications. Discussion continued. Carl Fortuna will pursue further contact with the doctor and fire department representative J. T. Dunn.

A **motion** was made by Carl Fortuna and seconded by Lynn Dallas to approve early retirement benefits, effective February 1. Pending verification of permanent and total disability, funds will be retroactively converted to disability benefits. All in favor. Motion approved.

Chairperson Taylor shared a thank you note to the board, from former Accounting Liaison Sharon Migliaccio, who recently retired.

**Finance Report**

Lee Ann Palladino provided the Finance report. She reported on the status of recommended funding for the next fiscal year. The 2017-2018 budget is not complete yet, but increases are significant. Pension funding is set to increase and more information about how the Board of Education payroll deduction is included will be researched, while Lee Ann noted increases will be made to the town and fire department contributions. Also included from now on will be the Pension Board's administrative budget set this year at \$62,770.00. Discussion took place about the increases.

Lee Ann Palladino also reported on Accounting Department changes. She introduced Janet Vinciguerra who has taken on the role from the Accounting Department as Pension Liaison to the Board.

## **Actuarial Reports**

Becky Sielman, FSA, reported on the recent actuarial valuation. Her report addressed actions needed to achieve full funding. Tom Forma commented on cash flow and monitoring the money rated weight of return as it varies from that used by the actuaries. Becky expanded on the subject in discussing market value figures and actuarial values. The actuarial value is more stable than the market value... The number of active members in the plan is climbing as 21 new members were included in the plan, but a mortality gain was realized due to several recent deaths of retirees After a detailed summary presentation of the effects of changes she reported that the total liability is around \$23,000,000.00, with a funded ratio of 82%. Discussion took place about interest rates and the actuarial determined contribution.

Becky Sielman recommended changes to: turnover assumption, mortality rate, salary increases and interest rate assumptions. Changes recommended would drop liability by almost \$1,000,000.00. The change to the interest rate should be 6.41 % but that is unrealistic so she recommended a change to no higher than 7.5%.. Discussion took place about the payment of the ADC. Discussion was had relating to the Board of Education's contribution and further research will be done about its effect by Lee Ann.

Becky Sielman continued her report highlighting the amortization period and switching to a closed amortization period. Extensive discussion was had on the subject of closed amortization.

A **motion** was made by Carl Fortuna and seconded by Lynn Dallas to approve the recommendations made by Becky Sielman for revisions to turnover and retirement tables, and revised salary scale, reduction in the interest rate assumption from 7.75% to 7.5%, changing the amortization period from open to closed, and changing the amortization method from level dollar to level percent. Further discussion took place. All in favor. Motion approved.

A **motion** was made by Carl Fortuna and seconded by Ray Muratori to recommend to the Board of Finance that the ADC be paid in full as recommended by the actuary. Further discussion took place. All in favor. Motion approved.

## **Investment Report**

Investment consultant Tom Forma reported on the weighted performance summary of our funds as he reviewed stock and bond manager performance. Tom Forma reviewed the Pension and Benefits Board Performance Presentation booklet provided to the board and provided some insight on individual investment responsibility and ability, as well as fiduciary liability.

## **Old Business**

Officer Stone is eligible to continue being paid his disability benefits as the plan document provides that when eligible for normal retirement then the disability pay may continue Thus proof of disability is no longer required because he's now eligible for normal retirement. Brief discussion took place on the continuing disability issue.

## **New Business**

Five firefighter pensions are eligible for an increase due to an additional year of service time earned as active firefighters are allowed to continue earning additional service credits. The actuaries have approved the increases and they will be forthcoming this year.

Two other firefighters have asked for a determination of eligibility for April retirement and an estimate from the actuaries has been received. Now all they need is to have the formal application and submit it. This will be taken care of by the Accounting Department's assistance.

Concern regarding the effects of inflation on long time retiree pensions will be discussed at the next meeting.

The next meeting is scheduled for Thursday, February 23, 2017 at 6:30 PM.

A **motion** to adjourn was made by Carl Fortuna and Seconded by Ray Muratori. Meeting adjourned at 9:01 PM.

Respectfully Submitted,

Timothy Kellogg,  
*Pension and Benefits Board Secretary*