

Old Saybrook Pension and Benefits Board  
Thursday, June 27, 2019  
**6:30 p.m.**  
First Floor Conference Room, Town Hall

### **Regular Meeting Minutes**

#### **Attendees**

Members Present:

Suzanne Taylor (Chair)

Lynn Dallas

Carl Fortuna, First Selectman

Paul Tracey

Darrell Pataska (Vice Chair)

Rowena Moffett (by telephone)

David Sparrow

Others Present:

Lee Ann Palladino, Finance Director and  
Pension Plan Administrator

Janet Vinciguerra, Pension Board Liaison

Jennifer Donahue, Board Secretary

Laura Hancock, ICMA Representative

#### **Welcome and Public Comment**

The meeting was called to order at 6:32 p.m. Dr. Taylor welcomed Mr. Sparrow to the board.

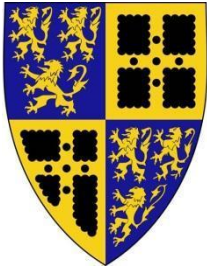
#### **Approval of the Minutes**

The minutes of the May 23, 2019 regular meeting of the board were reviewed. A **motion** was made by Mr. Tracey and seconded by Ms. Dallas to approve the minutes as submitted. All were in favor and the motion was approved, with Ms. Moffett abstaining as she was not present at the May meeting.

#### **Chair's Report**

Dr. Taylor began her report by citing numerous recent newspaper articles regarding a crisis in the federal Social Security program. She noted that in Vermont they are instituting a state-run defined contribution plan for the private sector in 2020 called the Green Mountain Secure Retirement Plan as a way to help individuals save for retirement in light of the projected inadequacy of Social Security.

Dr. Taylor suggested a summer retreat in mid-summer for board members. Discussion ensued and it was decided to hold a breakfast forum from 8:30-10:30 a.m. on August 6 at the Pavilion at Saybrook Point. The meeting will focus on what the board has accomplished this past year along with setting future goals. The end result could then become the annual report. Mr. Sparrow will be out of town but can call in; all other members indicated they could be present.



## ICMA Presentation

Laura Hancock, representing ICMA, the administrator of the town's defined contribution plan products including its 457 and 401(a) plans and a Roth IRA, introduced herself. Ms. Hancock noted that the town's 457 plan began with less than one million dollars and is now at more than two million. The 401(a) and Roth, both introduced to employees more recently, are at more than \$200,000 and more than \$30,000 respectively. Ms. Hancock had spent the afternoon at the Town Hall making a presentation to interested participants about ICMA's services.

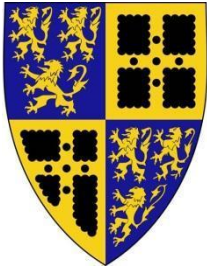
She reported on what kinds of trends her company is seeing with participants, namely a desire to have more guidance in the investment process. ICMA is not authorized to give investment advice but has partnered with Morningstar on a program entitled Guided Pathways that participants have the option to enroll in for a fee which can track participants based on a number of factors such as income, desired retirement age, desired retirement income, risk tolerance, spousal income, other investments, etc. With this information the automated program can rebalance a participant's portfolio on a quarterly basis, suggest adjustments and give an annual report with investment recommendations. The program helps to remove the participant's emotional factor from investment decisions by providing clear guidelines based on the criteria they have selected to meet their investment goals.

Discussion moved to whether all eligible employees are taking advantage of the additional 3% match they can receive from the town if they contribute an additional 3% over their required 5% contribution. Slightly more than half are. Ms. Hancock noted that these contributions are not subject to FICA and therefore it is a win for the town and the individual to participate. She also noted that individuals should be aware that if they do not opt to participate in the in extra match they are leaving money on the table.

Dr. Taylor interjected to inquire about allowing the teachers to join the town's defined contribution plan. Ms. Palladino reported that they had been approached about the opportunity but are happy with their current retirement options and declined.

Discussion turned to changing to an auto-enroll option for plan participants.

Mr. Tracey made a **motion** to require new employees to auto-enroll and Mr. Fortuna seconded the motion to open it for discussion. Ms. Hancock explained that when employees are auto-enrolled they receive a welcome letter from ICMA which includes an opt-out period where they can recoup any contributions that were made by them on their own behalf or they can change their contribution amounts. They would also receive an annual letter giving them the choice to renew or opt out. Committee members were in favor of this option to help encourage all employees to get the most out of the retirement plan, but Ms. Palladino asked that the staff be given time to work out the details of how it would be implemented. Mr. Tracey made a **motion** to table the previous motion until the next meeting to give time for these considerations. Mr. Fortuna seconded the motion and all present agreed and the motion was approved. Mr. Fortuna asked Ms. Hancock to provide supporting documents for the committee's review. Ms. Hancock left the meeting at 7:08 p.m.



## **Legislative Update**

Mr. Fortuna reported on some of the highlights of the most recent legislative session that had an impact on municipalities. He noted that for the most part it seems that municipalities will not be receiving further reductions in state funding for the coming fiscal year. Old Saybrook has budgeted very conservatively at an estimated \$375,000 in state contributions. If more than that is given, it will go into the town surplus.

Paid FMLA does not affect municipalities, with certain exceptions, which rely on the acceptance of the plan by town unions in collective bargaining agreements. He noted that he feels it is unlikely with the current level of time off available to town employees that this will become an issue in Old Saybrook.

The \$15 minimum wage will be implemented incrementally over a five-year period. It will affect the town. There are exceptions for 16- and 17-year-olds; they will receive 80% of the minimum wage.

PTSD as an approved condition of workers' compensation passed in a compromise that was heavily lobbied on behalf of towns by CCM. Those wishing to apply for this must be diagnosed by a specialist in the area of PTSD based on a qualifying incident. They can then receive up to one year of workers' compensation coverage. They have six months from the qualifying incident to apply.

The partial transfer of teacher pension responsibility to towns did not pass. As a result, the 1% increase in tax on food and beverages that was approved to be collected at the point of sale and returned to municipalities to help offset those costs will instead go to the general fund.

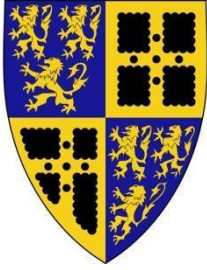
Mr. Fortuna left the meeting at 7:21 p.m.

## **Pension Liaison Report**

Ms. Vinciguerra provided the Pension Payroll Status Report and reported on the DB and DC statistics. See attached addendum. She also explained the "pop-up" option for the defined benefit contribution plan related to the survivor annuity option. If a plan participant is predeceased by his or her appointed survivor beneficiary, then the plan participant can claim their full benefit rather than a reduced amount based on survivor payout.

## **Plan Administrator's Report**

Ms. Palladino reported on the proposed amendment to the town retirement plan noting that when it was originally updated it did not include any board of education members. Since then, one of the BOE unions has negotiated that option effective July 1. The updates take that into account. Ms. Palladino asked the PBB to approve the amendments in order to accommodate the BOE members. Mr. Pataska made a **motion** to accept the changes and Ms. Dallas seconded the motion. All present were in favor and the motion passed.



Ms. Palladino shared a letter from Morgan Stanley noting that they will no longer be known as The Forma Group but will now be known as the Centre Harbour Group at Morgan Stanley. In addition, they have added a new team member, Joseph Matthews. They will also have a new group email address to serve clients: [chgroup@morganstanley.com](mailto:chgroup@morganstanley.com).

Ms. Palladino provided an update on the benefit project introduced at the May meeting by Brown & Brown. Since that meeting representatives from Brown & Brown have met with town staff to discuss the employee benefit booklet and website for employees to access all of their benefit information. These services will be developed by Brown & Brown and paid for by AFLAC as one of the town's vendors. Brown & Brown would like to host a retreat and luncheon on November 21 from 11:00 a.m. to 2:00 p.m. at Fresh Salt in lieu of the board's regular meeting that day in order to introduce the new book and website to board members for their review. March 30-April 5 has been reserved to present the information to employees with mandatory, on-site employee presentations.

Mr. Tracey complimented Ms. Palladino and town staff for how much ground has been covered over the last couple of years and for the new initiatives that are coming. Ms. Dallas made a **motion** to recognize the support of the staff and their efforts at furthering the goals of the board. Mr. Tracey seconded the motion. All present were in favor and the motion passed.

### **Old Business**

Ms. Dallas noted that at the last meeting a change in meeting time was discussed. She made a **motion** to change regular meeting start times from 6:30 p.m. to 4:30 p.m. beginning in September. Mr. Tracey seconded the motion. All present agreed and the motion passed.

### **New Business**

There was no new business.

A **motion** was made by Mr. Tracey and seconded by Mr. Pataska to adjourn. Meeting adjourned at 7:51 p.m.

Respectfully submitted,

Jennifer Donahue

***Next Meeting: Thursday, September 26, 2019, 4:30 p.m.***