

TOWN OF BETHEL
TOWN CLERK

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**INSURANCE & PENSION COMMISSION
1 School Street, Bethel, Connecticut 06801**

**INSURANCE & PENSION COMMISSION
SPECIAL MEETING MINUTES
WEDNESDAY, MARCH 24, 2010
MEETING ROOM A**

COMMISSION MEMBERS PRESENT: CHAIRMAN S. BRILL; VICE CHAIRMAN E. TOMASKO; AND COMMISSIONER K. ADAMS.

GUESTS: FIRST SELECTMEN KNICKERBOCKER, LT, KEVIN KENNEDY, MIKE FORTE FROM SMITH BARNEY, FRANK MENDILLO, JR., SR. PLAN ADMINISTRATOR FROM WELLS THOMAS, LLC, AND SEAN W. THOMAS, QKA, ERPA PRESIDENT FROM WELLS THOMAS, LLC.

S. Brill called the meeting to order at 7:07p.m.

MINUTES

Motion made by E. Tomasko and seconded by K. Adams to approve the minutes of January 21st, 2010. Motion passed unanimously.

Mr. Forte handed out Town of Bethel Benefits Comparison sheet and reviewed it with the commission. Copy is attached.

Mr. Frank Mendillo handed out "Burning Away Cash: Pension Plight in Rhode Island". The Police plans are were 6.5% as of the last contract. Currently they are at 7.5% of the officers base salary. Lt. Kennedy said that the Police Plan was in good shape with only one person that was slated.

First Selectmen Knickerbocker would like to hold a special meeting to talk about the Health Insurance. He wants to have a Special Meeting with the commission,

maybe during the day with Theresa Yonsky from the Board of Ed., and Barry Curina, Comptroller. He will let everyone know when he can get everyone together. S. Brill stated that he would like to see one plan with one consultant and one company. He had spoke with two other companies already and now wants the support from the Board of Ed and the town.

Mr. Forte handed out "A personalized plan for Town of Bethel – Volunteer Fire" recommendation. (Copy is attached). After reviewing the recommendations, the consensus of the commission was to go ahead with it.

Motion made by E. Tomasko and seconded by K. Adams to approve Mike Forte's recommendation and to also go to the Board of Selectmen for their final approval. Motion passed unanimously.

Motion made by E. Tomasko and seconded by K. Adams to adjourn at 8:46p.m. Motion passed unanimously.

Respectfully submitted:

A handwritten signature in black ink, appearing to read 'Coleen Cote', written in a cursive style.

Coleen Cote'

Recording Secretary

Burning Away Cash: Pension Plight In Rhode Island

by JIM ZARROLI



Enlarge

Jim Zarroli/NPR

Retired firefighter John DeGenova from Cranston, R.I., says good pension benefits were one of the reasons he entered his profession.

taken up gardening. Although he's at an age when most people are still working, DeGenova retired not long ago.

"You know, I was pushing 50, and to be honest with you, it just wasn't as physically easy for me anymore," DeGenova says. "In a lot of career fields, you're still a young man at 50. In that game, you're not."

March 23, 2010

text size **A A A**

As a longtime firefighter in Cranston, R.I., John DeGenova knew he'd never make as much money as some of his friends in the private sector. Some people he knew even seemed to look down on him for working for the city.

Yet DeGenova stuck it out, in part because he knew the job promised a solid pension and retirement benefits: Firefighters could retire after just 20 years on the job with half their salary, and more if they stayed longer.

"I had the security. That was always very important to me," DeGenova says, sitting at a small table overlooking the backyard where he's

Cranston's 'Ticking Time Bomb'

But the comfortable retirement promised to retired firefighters and police officers is taking its toll on the city where DeGenova still lives. Today, Cranston is staggering under a huge underfunded pension liability equal to more than twice its annual budget, and paying the pensions of retired police officers and firefighters now absorbs some 20 percent of the city's budget.

"Right now the unfunded liability is well over \$240 million," says Mayor Allan Fung. "And so it's a big obligation and is basically a ticking time bomb for the city of Cranston that we are trying to get a handle on."

How this happened is a monument to political shortsightedness. For years, Cranston operated a separate pension fund for more than 500 police and firefighters who regularly contributed money from their paychecks to the fund. (Other municipal employees were part of the state pension system.) Instead of setting the money aside and investing it, the city used the funds to pay operating expenses — everything from shoveling snow to paying employee salaries, says former Mayor Stephen Laffey.

"It was like taking your 401(k) plan and saying, 'I have to buy a lot of bubble gum with it.' That's what they did, and they really did it with a straight face," Laffey says.

Taking The City To Court

Union leaders complained about what the city was doing and took Cranston to court in the 1970s, to no avail, says Paul Valletta Jr., president of Local 1363 of the International Association of

Risky Business: Pension Funds With Less Than Conservative Asset Allocations

When it comes to pension funds, most people hope their future retirement income will be managed in a conservative way. These ten funds top the list of state funds with a "risky" investment strategy, meaning the lion's share of investments are not in fixed income or cash holdings.

Fund name	"Risk"
1. Commonwealth of Pennsylvania State Employees' Retirement System Total assets: \$25.6 billion	86.1%
2. Massachusetts Pension Reserves Investment Management Board Total assets: \$41.8 billion	82.9%
3. Teacher Retirement System of Texas Total assets: \$91.4 billion	82.0%
4. Teachers' Retirement System of the State of Illinois Total assets: \$31.3 billion	81.5%
5. Louisiana Teachers' Retirement System Total assets: \$11.8 billion	81.0%
6. Alaska Retirement Management Board Total assets: \$16.5 billion	80.6%
7. Kansas Public Employees Retirement System Total assets: \$11.4 billion	80.0%
8. Illinois State Board of Investment Total assets: \$11.9 billion	78.2%
9. California State Teachers' Retirement System	78.0%

Total assets: \$130.5 billion

- 10. **State of Michigan Retirement Systems** 77.7%
Total assets: \$50.9 billion

[complete list](#)

Notes:

The "risky" investment calculation is based on a formula derived by Northwestern University finance professor Joshua Rauh. It consists of the combined percentages of all investment types listed, except fixed-income and cash.

Source: *Pensions & Investments*. To gather the data, P&I surveyed fund executives and studied the funds' public reports and Web sites.

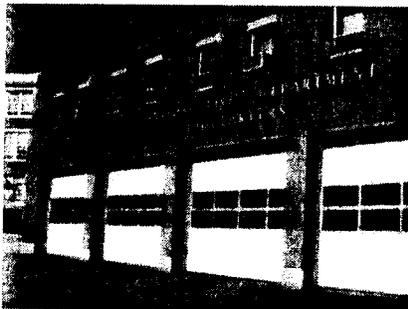
Firefighters.

"We would always say, 'Something has to be done here,' but they were going on the way they always went on, using that money for other purposes," Valletta says. "It was politically better for them. They didn't have to raise taxes. They could use that money on things that enhanced their political careers."

Laffey believes the city also erred in another way: To buy peace with its labor unions, Cranston regularly promised overly generous retirement benefits knowing the bill wouldn't come due for years.

As mayor, Laffey sometimes had to approve retirements for people who were just 39 or 40 years old. They would receive half their salaries, with regular raises and with health care for them and their families. They were also free to take other jobs, he notes.

Union officials say that what seems like an overly generous retirement package is small compensation for a job that can be grueling and dangerous. Moreover, the pensions weren't gifts from the city, but negotiated in collective bargaining.



Enlarge

Jim Zaroch/NPR

The Cranston Fire Department's pension system was underfunded for years, and now the city is having to pay retirement benefits out of its operating budget.

"They haven't just handed us these benefits," Valletta says. "And people have to understand, we've given up raises and we've given up other monetary things over the years to get these pension benefits. We've sacrificed now to have benefits when we retire."

Shifting Into The State's Pension System

In the 1990s, Cranston shifted its police and firefighters into the state pension system, which has underfunding problems of its own. But the city is still obligated to pay benefits for employees hired before that, a burden that is costing the city dearly. It means Cranston has less money to fix its aging sidewalks, pay employees or build a

commuter rail station that Mayor Fung says could revitalize the city's economy.

"Lots of times it's difficult to make change unless we're at a crisis stage, and unfortunately for Cranston and Rhode Island, we're at a crisis stage," he says.

Related NPR Stories

[Deferred Promises: America's Pension Crisis](#) March 24, 2010

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Recent First



David Foertsch (dgf) wrote:

adamsonian--My first thought when reading about the pols spending the contributions was the

Town of Bethel Benefits Comparison

Town of Bethel Bargaining Units		
<p>NAGE: Clerical at Police Dept. (Police Secretary, Public Safety Dispatchers, Records Supervisor, Clerk and Animal Control Officer)</p>		
<p>AFSCME: Highway Dept., Vehicle Maint. Dept., Transfer Station, Building Maintenance Dept., Parks and Rec Dept. and Public Utilities Dept. (Excludes supervisory, technical, professional and clerical personnel.)</p>		
<p>UPSEU: Bethel Police, full-time officers, except Captain or above.</p>		
<p>CSEA: Administrative/Clerical (except temporary substitute employees for up to 6 months, those employees covered by other bargaining units, confidential employees, and those excluded the MERA)</p>		
	<p>NAGE</p>	<p>AFSCME (Town)</p>
<p>Through 6/30/2011</p>	<p>Through 6/30/2010</p>	<p>UPSEU</p>
<p>Office \$20</p>	<p>Office \$20</p>	<p>Through 6/30/2011 Office \$20</p>
<p>Emergency Room \$75</p>	<p>Emergency Room \$75</p>	<p>Emergency Room \$75</p>
<p>Urgent Care \$25</p>	<p>Urgent Care \$25</p>	<p>Urgent Care \$25</p>
<p>Hospital \$500</p>	<p>Hospital \$500</p>	<p>Hospital \$500</p>
<p>Out Patient Surgery \$250</p>	<p>Out Patient Surgery \$250</p>	<p>Out Patient Surgery \$250</p>
<p>RX Generic \$15</p>	<p>RX Generic \$15</p>	<p>RX Generic \$15</p>
<p>Preferred \$20</p>	<p>Preferred \$20</p>	<p>Preferred \$20</p>
<p>Non-Pref. \$25</p>	<p>Non-Pref. \$25</p>	<p>Non-Pref. \$25</p>
<p>Mail Order 2X Retail Co-pay</p>	<p>Mail Order 2X Retail Co-pay</p>	<p>Mail Order 2X Retail Co-pay</p>
<p>Annual Max \$1000</p>	<p>Annual Max \$1000</p>	<p>Annual Max \$1000</p>
<p>And Dental</p>	<p>And Dental</p>	<p>And Dental</p>
<p>Med</p>	<p>Med 8%</p>	<p>Med 12.5% (not to exceed Hired before 7/1/06</p>
<p>2009 12%</p>	<p>Dental 8% Emp.</p>	<p>Med 8%</p>
<p>2010 13%</p>	<p>100% dependents</p>	<p>Dental 8% Emp.</p>
<p>Dental</p>	<p>50% dependents</p>	<p>100% dependents</p>
<p>2009 12% Emp.</p>	<p>100% dependents</p>	<p>Hired after 7/1/06</p>
<p>100% dependents</p>	<p>100% dependents</p>	<p>Med 10%</p>
<p>2010 13% Emp.</p>	<p>100% dependents</p>	<p>Dental 10% Emp.</p>
<p>100% dependents</p>	<p>Single \$819.60</p>	<p>100% dependents</p>
<p>Single \$819.60</p>	<p>2Person \$1690.52</p>	<p>Single \$902.50</p>
<p>2Person \$1690.52</p>	<p>Family \$2145.81</p>	<p>2Person \$1862.82</p>
<p>Family \$2145.81</p>	<p>Family \$2363.89</p>	<p>Family \$2363.89</p>
<p>Waiver of Coverage</p>	<p>\$600 payment for single</p>	<p>\$1,000 payment for single</p>
<p>\$1,500 for 2 person</p>	<p>\$1,000 payment for single</p>	<p>\$2,000 for 2 person</p>
<p>\$2,250 for family</p>	<p>\$2,000 for 2 person</p>	<p>\$3,000 for family</p>
<p>1.5X annual salary</p>	<p>1.5X annual salary</p>	<p>1.5X annual salary</p>
<p>Town</p>	<p>Town</p>	<p>Town</p>
<p>Retiree Sup. Medical</p>	<p>Pay 10% prem. now, eligible for 50% Town paid/ employee contributes</p>	<p>25% Retiree paid Stays on town insurance</p>
<p>1% of base earnings as of 7/1/2007</p>	<p>50% Retiree paid</p>	<p>50% Town paid/50% Retiree paid</p>
<p>25% Retiree paid Stays on town insurance</p>	<p>Pay 12.5% prem. now, eligible for 75% Town paid/ 25% Retiree paid</p>	<p>Pay 12.5% prem. Now, eligible for 75% Town paid/25% Retiree paid</p>
<p>25% Retiree paid Stays on town insurance</p>	<p>25% Retiree paid Stays on town insurance</p>	<p>Hired after 10/15/04 Pay 12.5% prem. Now, eligible for 50% Town paid/50% Retiree paid</p>
<p>25% Retiree paid Stays on town insurance</p>	<p>25% Retiree paid Stays on town insurance</p>	<p>Pay 15% prem. Now, eligible for 75% Town paid/25% Retiree paid</p>

Benefits Comparisons