

INSURANCE & PENSION COMMISSION
1 School Street, Bethel, CT 06801

**INSURANCE & PENSION
SPECIAL MEETING MINUTES
WEDNESDAY, JUNE 15TH, 2011
7:30P.M.
MEETING ROOM A**

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TOWN OF BETHEL
TOWN CLERK

COMMISSION MEMBERS PRESENT: Chairman Brill; Vice Chairman Tomasko; Secretary Adams; D. Moss; and G. Braden.

Chairman Brill called the meeting to order at 7:31p.m.

ANNUAL REVIEWS

Amy Humphrey from the Hartford started with her presentation of the Define Contribution Plan. There are three that exist currently. She is the Relationship Manager for the Town of Bethel. She handed out a plan review and went over it with the members of the commission. Currently there are 10 participants in the 457 plans with \$692,000 in assets. She would like to set up quarterly meetings. In this plan no loans are available but there is capability. The FOE Mutual fund is a 1.36% charge, which she pointed out in the Retirement Review Plan. Then next one to present was Mark Schilling from Nationwide. He has participation from the Town Hall and some from the Police Department. Total participation is 76 as of March 31, 2011. The percentage in change from one year ago is -1.3% with no new enrollments. He comes in four to five times a year, two of the visits being formal. They do have loan provisions, in which, the Town of Bethel doesn't approve of at this point. He also handed out a plan review and summarized it with the commission. The last one to speak was Mike Linehan, Regional Vice President and Carol Whelan, Registered Representative of ING. They handed out A Request for Proposal for Defined Contribution Retirement Plan for Town of Bethel Employees. They currently handle state employees. The current rate for the ING long term and short term "Guaranteed Accumulation Account" is 3%. He went over the services that they offer. They will provide a detailed report every 6 months and make recommendations. The plan they offer now is for the Board of Education's paraprofessionals, and they now make it available to nurses and custodians. The custodians only have a one-time choice and this includes the new hires.

UPDATE RESPONSES TO FIRST SELECTMEN'S QUESTION – MOVING FROM DB TO DC PLANS

This plan basically functions as a pension plan. The Board of Ed matches this plan. They also do a 403b plan that is a voluntary plan for Board of Ed teachers but this is not matched.

Chairman Brill went over First Selectmen, Matt Knickerbockers questions.

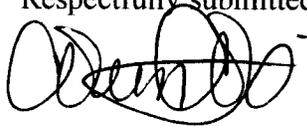
- a. Assuming present employees would retain their current DB plan, what would be the cost of starting up a DC plan only as new employees are added?
Answer: *Fixed costs for plan startup would be minimal. Real costs would be due to town desire to either match contributions or put up a front loaded amount of contribution for each employee-example; paraprofessionals program in the schools.*
- b. Would there be an upfront cost to the town to do so (since there would be no funds “rolling over” from a current plan)?
Answer: *Minimal administration costs but expenses associated with town match or contribution per employee.*
- c. What are the projections of future liability for our current DB plans looking ahead 10, 20 and 30 years (this is in response to Mayor Boughton’s comment to the News Times, in which he said Danbury’s DB plans would be “unsustainable” within 8 to 10 years. Would this be true for Bethel?)?
Answer: *This question can only be answered if we knew all the moving parts and their outcomes-investment returns, payouts, funding adequacy, plan design changes, premature deaths, etc. "If the recommended minimum contributions (at least) are made to the plans, investment returns meet targets, and the current design is not enhanced, then the plans should eventually be adequately funded and sound."*
- d. If the long-term outlook for Bethel’s plans is bleak, can the commission recommend changes to the plans that would keep them intact, or would it make more sense to abandon entirely and replace, over time, with DC plans?
Answer: *The long- term outlook is not bleak. "If at least minimum contributions are made to the plans" and investment returns meet targets, we should be fine. Any plan design changes such as adding minimum retirement ages where there are none or following the 2% rule vs 2.5% for some benefit plans would certainly improve funding adequacy and future liability exposure.*
- e. Is there significant risk of developing an employee retention problem by moving to DC retirement plans?
Answer: *Yes-for certain classes of employee. Proper education and town incentives could mitigate the problem.*

f. Can the commission estimate the short-term impact on general wages if we move to DC plans?

Answer: *Bargaining units would most likely look to make up pension money in pay scales.*

Motion made by E. Tomasko and D. Moss to adjourn at 10:05p.m. Motion passed unanimously.

Respectfully submitted:

A handwritten signature in black ink, appearing to read 'Coleen Cote', with a horizontal line drawn through the middle of the signature.

Coleen Cote
Recording Secretary