



TOWN OF MIDDLEBURY

Retirement Plan Commission

MINUTES

Retirement Plan Commission Special Meeting Wednesday, February 3, 2016 – 2:00 p.m. Shepardson Community Center

Present: Commissioner Edward Asselin, Chairman
Commissioner JoAnn Cappelletti
Commissioner Bill Stowell

Also

Present: Larry Hutvagner, Chief Financial Officer	Jason Hamuka
Liz Callahan, Administrative Assistant	Nick Sidorick
Barbara Whitaker, Recording Clerk	Marc Camputaro
Ken Long	Ed Bailly
Kevin Dawes	Dan Norton
Jared Koller	Drue Greene
John Bellerive	Jeff Salerno
Matt Morytico	Keith Tunderman
Anthony Polzella	

Call to Order with Pledge of Allegiance

The meeting was called to order by Commissioner Stowell with the Pledge of Allegiance.

Old Business

Discussion with Teamster members on DB Pension Plan

Commissioner Stowell began the meeting by reading the attached statement. Ms. Callahan prepared the attached pension information for the employees.

Commissioner Stowell reviewed the attached pension terms definition sheet and stressed that it is important that a beneficiary be designated. He added that it is important the percentages of the benefits are listed clearly. Commissioner Stowell said he could not emphasize enough that a beneficiary be listed. Ms. Callahan has also referred this to Attorney Smith. Commissioner Stowell added that Ken Long came up with a list of questions and presented them at December 2015 meeting, and that as promised, he and Ms. Callahan would attempt to answer some of the questions that were not answered.

Mr. Hutvagner said that the Retirement Plan Commission directs where the investments are and Matrix holds them. He added that the elections that are made will change pension amount.

On behalf of the Public Works employees, Mr. Long asked if you elect one of the 50% or 100% and you retire and you get divorced, can that stop? Commissioner Stowell explained that once you've elected that, you are stuck in that. If you and your wife separate, the payment stays the same.

Question #15 was raised to the Standard when the Town switched the plans. Commissioner Stowell said legally this could be done, but it has to be done during negotiations.

Commissioner Stowell explained to the employees that Ms. Callahan should be their first point of contact regarding their pensions; and added that the employees are free to come to the Retirement Plan Commission meetings on the even months, on the second Thursday at 1:00 p.m. Ms. Callahan will either answer your questions right away or pursue the answer with The Standard.

Nick Sidorick asked who could advise him on the financial planning with regards to the pension. Commissioner Stowell suggested that he seek a financial planner to assist with these decisions. Commissioner Stowell said that the Town will seek a determination of pension benefits from the Segal Company if you **think** you're going to retire. The determination will be requested once you send in a formal letter stating you are retiring. We may advise you to wait before making the request. The actuarial said if they wanted to do this ahead a time at your cost (\$375).

On behalf of the Public Works employees, Mr. Long asked if the employees could receive a ballpark figure. Commissioner Stowell explained that because it is actuarial the Town cannot. The Town Attorney said that that number should only come from the Segal Company. Mr. Asselin said it seems that the payout is very strict, but everything is affected by the pension, that's why the rules are so strict.

Commissioner Stowell added that there are provisions in the plan about disability retirement, and if the employees think they qualify they should speak with Ms. Callahan. The Retirement Commission makes the determination if you need to have a social security provision or not.

On behalf of the Public Works employees, Mr. Long thanked the Commission for answering their questions.

Public Comments

The Public Works employees thanked the Commission for their time and for answering their questions. They felt the meeting very was informative.

Adjournment

Commissioner Asselin MOTIONED to ADJOURN the meeting, SECONDED by Commissioner Stowell. Unanimous approval.

These minutes are submitted subject to approval.

Respectfully submitted,

Barbara J. Whitaker

Barbara J. Whitaker
Recording Clerk

This meeting is being held to give you an overview of the Town's pension plan and to answer general questions you may have. The Board and the Administrative Assistant will attempt to answer your questions however these are not intended to be legally binding answers. We will compile a list of questions that we are unable to answer and will do the necessary research and will provide a written response to them as soon as possible. The handouts of previously asked questions and a general outline of the defined benefit pension were prepared by the Board and the Administrative Assistant and are not intended to be a complete outline of the plan. Please keep any questions to be general and not specific to an individual's situation. If you have specific questions that are personal to you only please make an appointment to meet with the Administrative Assistant so she can work with you individually.

Pension information regarding Public Works Employees

Beneficiary - Means the person or persons designated by a member on a form approved by and delivered in accordance with the instructions of the Committee to receive benefits from the Plan after the death of the member.

Continuous service – employment with the town which is not interrupted by absence due to:

Voluntary quitting

Discharge or termination of employment by the town

Lay-off which continues for a period in excess of one year

Absence from employment after July 1, 1967 of any other reason, without leave of absence

Employee – any regular full time employee of the town and any regular part time employee of the town who works twenty or more hours per week'

Normal Retirement Date:

Amendment Three 1998 - Teamsters Local No. 677 or other public works employee - No later than the first day of the month coincident with or next following the date upon which his or her combined years of age and credited service equal 80.

Amendment four: 1999

Section 1.2 is amended as follows: "Average Monthly Salary" means, for active members in the plan on or after January 1, 1999, one-sixtieth of the total of a member's salary for the five consecutive calendar years, which produce the greatest total. The partial year of salary in the member's final year of employment will be included in the determination of Average monthly salary if the average for the five-year period including the final partial year is greater than the average for any period of five full years. A lump sum payment at termination of employment paid on account of the members unused sick or vacation time will be treated as paid to the member as salary over the period following termination of employment. For example, if a member retires in November of 2000 and receives a lump sum worth two months of unpaid sick or vacation time, this payment will be treated as Salary received in December of 2000 and January of 2001

Eligibility:

An employee who entered the employ of the Town prior to July 1, 1988 shall become a member of the Plan on his date of hire, provided such employee had not yet attained the age of sixty as of such date

An employee in the employ of the Town on July 1 1988 who had not yet met the eligibility conditions of Paragraph (a) above shall become a member of the plan on July 1, 1988.

An employee who entered the employ of the Town subsequent to July 1, 1988 shall become a member of the plan on his date of hire.

Definition: Employee – any regular full time employee of the town and any regular part time employee of the town who works twenty or more hours per week.

Rejoining the Plan upon reemployment: If an employee who was a member terminates employment and subsequently becomes an employee again, he or she shall become a member again on his or her date of rehire, with creditable service determined in accordance with paragraph 3.2 of the plan.

Credited Service:

3.1 – Credited service shall be equal to the member’s total continuous service, measured in years, with 365 days constituting a full year. Partial years of credited service shall be measured in terms of the nearest one-tenth of a year.

3.2 – Any member whose employment terminates or is terminated shall lose all right to credited service and to benefits under this plan, unless specifically entitled to benefits under Part IV. If a former member is subsequently reemployed, he or she shall be considered a new employee for the purposes of the plan.

Benefits:

4.1 – A member who has attained his or her Normal Retirement Date may apply to the board for retirement and payment of pension benefits. Such Member shall receive, payable in accordance with paragraph 5.1, a monthly benefit equal to **2.%** of his or her Average Monthly Salary multiplied by his or her credited service not in in excess of **30** years.

See paragraph 4.2 for early retirement benefits and paragraph 4.3 for disability Benefits.

4.2 – **Effective January 1, 1999** – For active members in the plan on or after January 1, 1999, a member whose employment with the Town terminates prior to his or her Normal Retirement

Date and who has ten (10) or more years of Credited Service may elect to retire on the later of the date he or she has attained age fifty-five or the date his or her termination of employment occurs (the Member's Early Retirement Date) but not later than his or her Normal Retirement Date. The benefit payment to a Member who retires pursuant to this section shall be determined in accordance with Section 4.1 on the basis of his or her Credited Service and Average Monthly Salary at the time of his or her termination of employment.

The Early Retirement Benefit shall be payable to the Member in accordance with Section 5.1 commencing on his or her Normal Retirement Date. The Member may, however, elect to receive payment of his or her Early Retirement Benefit commencing on the first day of the month coincident with or next following his or her Early Retirement Date, or on the first day of any calendar month thereafter, but not less than his or her Normal Retirement Date.

If the Member elects to commence receiving benefits before his or her Normal Retirement Date, the monthly amount shall be reduced by ½ of 1 percent for each month by which the date of commencement of such Members Early Retirement Benefit precedes his or her Normal Retirement Date.

Example: Early Retirement Benefit as Percentage of Normal Retirement Benefit

Member's Retirement Age	Normal Retirement Age	
	60	65
65	100%	100%
62	100%	82%
60	100%	70%
57	82%	52%
55	70%	40%

Definition: Normal Retirement Benefit – See section 4.1 above.

4.3 – Disability Benefit - See the Town Administrative Office

4.4 - Effective January 1, 1999 - Vested Termination of Employment

Any member who terminates employment with 10 years or more of Credited Service shall be eligible for a Vested Deferred Benefit, provided that such Member applies to the Committee for such benefit not earlier than sixty days prior to his or her Normal Retirement Date. Such Vested Deferred Benefit shall be determined in accordance with Section 4.1 on the basis of his or her Credited Service and Average Monthly Salary at the time of his or her termination of

employment. A Member shall also become vested upon attainment of his Normal Retirement Date or upon termination of the Plan.

The Vested Deferred Benefit shall be payable to the Member monthly commencing on his or her Normal Retirement Date or, if later, the first day of the month coincident with or next following his or her date of application. Alternately, the Member may elect to receive his or her Vested Accrued Benefit commencing on the first day of the calendar month coincident with or next following the later of the date he or she has attained the age of fifty-five (55) or the date his or her termination of employment occurs, or the first day of any following calendar month, but not later than his or her Normal Retirement Date.

If the Member elects to commence receiving benefits before his or her Normal Retirement Date, the benefit amount shall equal the Member's vested Accrued Benefit reduced in accordance with section 4.2.

In lieu of the benefit described above a Member who is eligible for a Vested Deferred Benefit may elect to withdraw his or her Individual Account made pursuant to Paragraph 6.1 at any time prior to the date such benefit is scheduled to commence, provided however, that is he or she so elects, neither the Member nor his Beneficiary shall receive any other benefits from the Plan.

4.6 – Non-vested Termination of Employment.

Any member who terminates employment prior to his or her eligibility for benefits under paragraphs 4.1, 4.2 or 4.4 shall forfeit all claims to the Fund, except that he or she shall be entitled to a lump sum payment equal to the amount of the member's Individual Account.

4.7 – Retirement Benefits Upon Reemployment.

The retirement benefit of any retired member shall cease, and his or her credited service shall be reinstated as of the date of rehire if the rehired Member is reemployed by the Town, and the retirement benefit shall resume as of the first of the month following subsequent termination and reapplication for benefits. The retirement benefit payable upon such subsequent retirement shall be the benefit computed in accordance with paragraph 4.1 on the basis of the Member's Credited service at the time of his or her subsequent retirement.

In the event that the initial retirement was an early retirement the benefit shall be reduced by $\frac{1}{2}$ of 1% for each (i) complete calendar month intervening between the Member's subsequent retirement date and his or her Normal Retirement Date and (ii) each complete calendar month from the time of the first retirement to the time of reemployment; provided that the resulting benefit shall be not less than the benefit payable at the time of the Member's first retirement.

Payment of Benefits:

5.1 – Payment of Benefits on Account of Retirement

(a) Normal Form of Payment: Benefits shall be paid monthly for the lifetime of the Member, unless the Member has filed with the Committee a written election to receive benefits in an optional form of payment provided by the plan.

(b) Optional Forms of Payment:

A Member may elect in writing to receive benefit payments under any one of the optional forms of payment described below. The benefit amount determined under an optional form of payment shall be the Actuarial Equivalent of the benefit amount to which he or she would otherwise be entitled under paragraph 5.1(a)

- (i) **Joint and Survivor Option:** A level amount payable for the life of the Member with 50% or 100% (as elected) of the Member's benefit payable for the lifetime of another person designated by the Member (his or her beneficiary).
- (ii) **Ten Year Certain and Continuous Option:** An amount payable for the life of the Member, but in the event the Member dies before receiving 120 monthly payments, the said monthly payments remaining unpaid at the Member's death shall be payable to his or her Beneficiary for the remainder of the 120-month period.

Payments of retirement income under (i) above, will terminate with the last payment due preceding the death of the Member or of his or her Beneficiary, whichever last occurs.

5.2 - Election of Option:

The election by a Member of an optional form of retirement income must be made in writing to the Committee on or prior to his retirement date. If a joint and survivor option is elected, it must be accompanied by a birth certificate of the Beneficiary, or some other documentary evidence of his or her age satisfactory in its discretion, to the Committee.

5.3 - Rescission of Election;

A Member who has elected an optional form of retirement income may rescind such election at any time prior to his retirement date. Such election shall be automatically rescinded in the event of the death of any Beneficiary designated by the Member prior to his or her retirement date, but no such election may be changed after retirement.

5.4 – Payment of Beneficiary on account of disability; - *See the Town Administrative Office*

5.5 – Refund of Contributions;

A refund of the Member's Individual Account under paragraph 4.4 or 4.6 shall be paid to the Member as soon as practicable after his or her termination of employment. A payment of the Member's Individual Account to his or her Beneficiary under paragraph 4.5(a) shall be paid as soon as practicable after the Member's death.

Questions from Retirement Committee Meeting

Dec 10, 2015

1. On a day to day basis to whom does a Town employee speak to regarding questions concerning A.) the defined benefit plan, B.) the defined contribution plan, C.) 457 Plan?

Administrative questions, changes, and enrollments, rollovers can be addressed through the Administrative Assistant. Investing inquiries should be addressed directly to the Standard or New England Financial Group.

A.) Defined benefit plan - Liz

A.) Questions about the Defined Contribution Plan can be submitted to the Standard

Your Retirement Plan Service Team

<i>Justin</i>	<i>Michael</i>	<i>Samantha</i>
<i>Sardone, QKA</i>	<i>Shoemake, QKA</i>	<i>Ethier</i>

Email: RetirementPlanService@Standard.com

Call: 1.844.250.5240

C.) Question about the 457 Plan can be addressed to:

Dararith Ly
Financial Services Representative
Investment Specialist
New England Financial Group, an office of MetLife
65 LaSalle Rd, Suite 200
West Hartford, CT 06107
dly@metlife.com
Mobile: (860) 922-9200
Office: (860) 313-4826
Fax: (860) 521-2214

2. Who controls the investments and where do they go in the DB and DC plans. The committee or the trustee?

Defined Benefit - The investments in the DB plan are maintained by UBS and Matrix Trust Company, A Broadridge Company (formerly Wilmington Trust) manages retiree payments. The Retirement Committee works with UBS as the investment advisor.

Defined Contribution – Managed by the Standard. Employees select where their money is invested.

3. Who is the Trustee?

As reported in the Retirement Committee meeting on Dec 10, 2015 – the Pension Plan Trustee is Broadridge Matrix .

4. Where is the employee's money invested in the DB and the DC plans?

Defined Benefit - The investments in the DB plan are maintained by UBS and Matrix Trust Company, A Broadridge Company (formerly Wilmington Trust) manages retiree payments. The Retirement Committee works with UBS as the investment advisor.

Defined Contribution – Managed by the Standard. Employees select where their money is invested.

5. What interest rate applied to an employee's contribution? Maybe this can be placed on the bi-annual benefit statements?

****** Interest rates are set by the Retirement Committee currently the interest rate is 4%.**

6. We have some confusion, we know the DC vesting is 5 years, we believe the DB is ten years, is this correct?

Defined Benefit vesting is after 10 years of service. Defined Contributions

Eligible employees hire after July 1, 2011 are entered into the defined contribution plan after six month of service. The Town contributed a 6% match of the funds, and employees are 20% vested in the employers contributions after 1 year of service. 100% vesting occurs after 5 years of service.

7. I was asked to ask this question for clarification. Calculations are based on % x years X average of best consecutive five years. They wanted to know if the average of % years included years after 30 years.

Final average base pay is calculated by averaging the best consecutive 5 years, irrespective of when this occurs. Most often, this is the usually the last 5 Years of service.

8. Section 4.5 (a) What constitutes an employee's individual account? Money all lumped together and just accounted for on paper. This OK.

4.5 PRE-RETIREMENT DEATH BENEFITS

(a) Refund of Contributions

In the event of a Member's death prior to completion of the service requirements for a vested benefit under Paragraph 4.4, or in the event of an unmarried Member's death at any time prior to commencement of retirement benefits, such Member's Individual Account will be payable in a lump sum to his or her designated Beneficiary.

An individual's account – prior to vesting - is all of the employee contributions into the Defined Benefit Plan, plus interest. Pension Contributions are also reported annual on the employee's W-2.

9. Section 4.5 (b) what if an employee is eligible for retirement but has not selected a survivorship option? What if the employee selected the 100% survivorship option; would the individual's spouse only be eligible for the 50% J&S payment? - *Referred to Bob Smith*

(b) Annuity to Surviving Spouse

Effective July 1, 1995, in the event of a married Member's death after the completion of the service requirement for a vested benefit under Paragraph 4.4, the spouse of such Member shall receive a survivor's benefit payable for the spouse's lifetime. Such benefit shall commence on the first day of the month following the earliest date upon which the Member could have retired under Section 4.1 or 4.2, and shall be equal to one half of the amount which the Member would have received if he or she had terminated employment on the date of death (or his or her actual date of termination, if earlier) and had elected receipt of benefits in the Joint and 50% Survivor form of payment.

10. Section 5.6, Is this automatic regardless of any selections or lack of an election of options.

5.8 PRE-RETIREMENT ANNUITY DEATH BENEFIT

Benefits payable to a surviving spouse pursuant to Paragraph 4.5(b) shall commence on the first day of the month following the Member's earliest possible retirement date and be paid on a monthly basis for the lifetime of the surviving spouse.

Yes, automatically eligible.

11. Section 5.8 (d) Last sentence, last word, should that be member or beneficiary?

5.8 LATEST COMMENCEMENT DATE FOR BENEFIT PAYMENTS

- (d) If a Member dies prior to the commencement of benefits and benefits are payable to a designated Beneficiary other than the Member's spouse, the payment of such benefits shall begin no later than one year after the date of the Member's death and shall be paid over a period which does not extend beyond the life expectancy of such Beneficiary.

12. How are survivor benefits calculated? % or age of beneficiary? I found answers in section 5.2 Age, I believe this is by actuarial tables. For a rough number can a member use a % difference if the beneficiary is the same age?

Based on the age of the spouse.

13. What are the requirements for benefits statements? How often? What about annual funding notice?

Benefit statements are bi annual. However, as stated in the Retirement Committee meeting of December 10, 2015, employees may (at the employees) cost request a benefit calculation from the actuary. Will Segal take payment directly from the employee – question sent to Segal.

NO

14. Can we add to the benefits statements the following; the four options, full benefit, 50% J&S, 100% J&S, and the 10 Year?

determined by RPC

*****Below is the definition and explanation of the various pension options for Middlebury pensioners.**

Didn't
Miss Michael
offer assistance
on that?

They didn't
come to
any of your
info meetings
you had for us

When you retire, unless you elect otherwise, you will receive a monthly pension for your lifetime only. This is called a life annuity benefit.

You may also choose to receive your retirement income in an optional form which provides a somewhat smaller monthly pension for as long as you live, and continued payments after your death in some circumstances. These options include a joint and survivor annuity and a 10-year certain and continuous annuity. Your choice must be made in writing and can be canceled in writing before you retire. However, once you begin receiving retirement benefits, you may not change your election.

Any form of benefit other than a life annuity will be reduced to reflect the possibility that benefits will be paid out over a longer period than your lifetime.

You may choose any of the following optional forms of retirement income:

Life Annuity Benefit - The full amount of your pension benefit, payable for your lifetime only. No benefits are payable to any beneficiary after your death. This is the automatic form of payment if you don't elect another option.

Joint and Survivor Benefit - A reduced benefit payable for your lifetime, with a percentage of your benefit being continued to any person you name as your beneficiary for the rest of his or her lifetime. You can choose to have 100% or 50% of your benefit paid to your beneficiary after your death.

For example, the following table shows the amount of benefit payable to an employee age 65 with a spouse age 60. The benefit will differ based on your age and the age of your beneficiary when payments start. The Plan Administrator can supply you with the factors for your particular situation.

	<i>For Your Life, You Would Receive a Monthly Benefit of</i>	<i>Then, After You Die Your Beneficiary Would Receive a Monthly Benefit of</i>
Life Annuity	\$ 750.00	\$ 0
50% Joint & Survivor Annuity	\$ 649.13	\$ 324.57
100% Joint & Survivor Annuity	\$ 572.10	\$ 572.10

Ten Year Certain and Continuous Option

A reduced benefit payable for your lifetime with the provision that if you die within 10 years after your pension benefit commences, your beneficiary will receive the same retirement income for the balance of the 10 years. If you live beyond the 10 year period, you will continue to receive the same monthly benefit for the rest of your life. However, if you die after receiving payments for 10 or more years, no benefit would be payable to any beneficiary.

15. Can we freeze our pension at 30 Years and then switch to the DC, or maybe to the 457? During contract negotiations, this question was asked and we were told yes. We did not get it in writing because the answer was from the standard, not the Town. An individual asked the Town about this and was told no.

Currently, since the employees final average base pay is based on the best of 5 consecutive years, employees must contribute the pension plan if they are an active employee, irrespective of the number of years of service.

Another option would be to stop both the contributions and accumulated benefit at the 30 year mark, which is the maximum benefit for the employees.

If the board were to change provisions, it would need to be a negotiated item.

16. When can we set up a meeting with the DPW so members may ask individual questions?

Special RPC Meeting Feb 3 2016 @ 2pm.

Individual employee questions would need to schedule an appointment.

Ken Longs comments regarding the Minutes of the December 10, 2015 Town of Middlebury Retirement Committee:

Items:

1. Page two last paragraph; Mr. Stiefel said the information given to Segal was wrong. I disagree. All information was correct or they would not be able to calculate pensions correctly, I feel Segal placed wrong info on forms that is why they will reprint.
2. Page three first Paragraph; When I first spoke with Mr. Hutvagner he informed he would look into the issue of the pension statements. When I followed up with him he wanted my question and my calculations so he could present the information to Segal I said no because they got paid to send up the correct information.
3. Page three second paragraph; fourth line down the word average should be W-2

Comments concerning my questions:

1. Still need an answer to present to employees.
2. OK
3. OK
4. DB and DC lumped together? Makes no sense please explain.
5. No, the question was what is interest rate applied to employees contribution not the goal of the plan over all.
6. OK
7. Waiting for answer
8. OK, Lumped together. Tracked on spreadsheet
9. To be discussed at special meeting Feb. 3, 2016
10. Will be answered at later date
11. Should be beneficiary
12. Number 11 in minutes should be number 12. Still looking for clarification.
13. Number 12 in minutes should be number 13 OK.
14. Will be discussed
15. I understand Chairman's answer but during contract negotiations we were told this could be done. Legal opinion?
16. OK, A special meeting will be held Feb 3 to meet the requirements of the teamsters contract.