



## **TOWN OF MIDDLEBURY** *Retirement Plan Commission*

### **MINUTES** **RETIREMENT PLAN COMMISSION MEETING** **Thursday, June 11, 2015 – 1:00 p.m.** **Town Hall Conference Room**

**Present:** Edward Asselin, Chairman  
JoAnn Cappelletti  
William Stowell

**All Present:** Larry Hutvagner, Chief Financial Officer  
Barbara J. Whitaker, Recording Clerk  
Vern Proctor, H. D. Segur  
Dawn Landino, New England Financial Group  
Chris Wojtusik, New England Financial Group

#### **Call to Order**

The meeting was called to order by the Chairman.

#### **Routine Matters**

Approval of minutes from previous meeting

Mr. Stowell MOTIONED to approve the minutes of the previous meeting,  
SECONDED by Mrs. Cappelletti. Unanimous approval.

#### **Correspondence**

None.

#### **Chairman's Comments**

None.

#### **Public Comments**

At this time, Larry Hutvagner, Chief Financial Officer explained to the Commission that Edward B. St. John, First Selectman requested an update to his pension. The current process is that these are done once every other year when they do the Actuarial study in June. Mr. St. John said that he would pay the fee himself. The Chairman said that if Mr. St. John wants it ahead of time and he is willing to pay for it he did not have a problem with this.

#### **Old Business**

None.

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**New Business**

At this time, Vern Proctor of H. D. Segur explained to the Commission that he met with Mr. Hutvagner in the fall because there were some concerns on the 457 plan. The Town has held seven choices with multiple investment choices for employees to choose to invest from.

Mr. Proctor went on to say that employees were self-directing accounts and weren't getting personal attention from advisors. The Commission appointed H.D. Segur to review the process to look at financial advisors. They interviewed several advisors and after meetings they selected New England Financial. They have taken over each investment choice.

Mr. Proctor explained that the old advisor has been notified and there are some employees would like to stay with them. The Supreme Court came out with a judgment and the employee sponsor is responsible for the investment activities of their employees. They need to hire an investment advisor to speak with employees on a yearly basis.

Mr. Hutvagner stated that some of the employees would like to stay with the old advisors. They need the Retirement Commission to make a decision on this.

Dawn Landino of New England Financial Group explained that the Department of Labor has hired auditors to come out and look at the plans, the way to reduce the budget is to have auditors come out to justify the fees. They are looking at 457, 457B's and 401K's. Ms. Landino went onto explain they have to provide education, investment options, with education on retirement and retirement readiness and looking at reasonable fees. Ms. Landino added that the way the Town has been set up; the Town of Middlebury has higher fees because the plans have not been consolidated. They looked at all the plans and all the different providers, fees are reasonable, help employees with retirement readiness and educate the employees.

Ms. Landino stated that she and Chris Wojtusik are there to educate employees on these matters and have set up a communication strategy with the Town. They have come out five times to educate employees to see where they are and what they need and have received positive feedback. They are providing an assessment of their retirement plan and their options and this is being documented. They are trying to make it easier for the employees. Ms. Landino added that the State Department of Labor wants the money tracked that is going into these plans. Some of the plans are old, and one is closed to new investments and this makes it hard to track.

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Mr. Hutvagner said in one of the plans you can never make contact with a representative.

Mr. Stowell stated that he is very concerned with the people that have been with one of the seven investors and what will happen with them. Ms. Landino said the employees can continue keep their money with those companies, they aren't there to take anyone's relationship away. Mr. Stowell asked again if they could keep their investments with the older company. Ms. Landino said that she doesn't advise that the Town maintain 457's with seven different companies.

Mr. Hutvagner asked if this would be a union issue. Mr. Matthews said that the response from the employees has been very positive.

Mrs. Cappelletti asked if employees have been with an investment firm, whether or not the Town will no longer be sending a contribution to that company. Mr. Hutvagner stated that the Town would no longer be contributing to any other investment company. Mrs. Cappelletti said that she has spoken with someone from Great American and she has had no problem making contact; but if there are no more contributions going into that account. Ms. Landino said that they have surrender charges in the Great American plan, and they have restrictions on withdrawing from the accounts, seven and ten year surrender charges.

Ms. Landino explained that there was a memo that went out to all Departments with the dates and times to have a one and one consultant and that she would be happy to share names on the sign-up sheet.

Mrs. Cappelletti said that she did not respond to the meeting and she didn't realize it was a mandatory meeting; she thought it was optional. Mr. Proctor said that his charge is to bring the Town into compliance with State Department of Labor compliance issues. Mr. Proctor added that if someone from State Department of Labor were to come to the Town of Middlebury for a review today, the Town will be in trouble. Mr. Proctor added that it is the Town's decision whether or not we are in compliance.

Mr. Stowell said that he didn't think it was clear to the employees that the meeting was to let everyone know that the 457 plans were not in compliance.

Ms. Landino said that some of the providers have expensive fees and costs. They did the assessment and Mass Mutual is a reasonable fee cost plan. They

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haven't made the change yet. They just came to educate the Commission on what steps needs to be taken.

Mr. Asselin said that current and new employees will have the 457 through Mass Mutual as the only source to make further contributions; and within the Mass Mutual portfolio they can choose a multitude of investments to achieve their goal. They are trying to streamline the process. He feels this is looking out for the employee. Mr. Asselin is concerned with penalties and fees; employees that would like to consolidate fees. Mr. Asselin stated that he wouldn't want employees to pay penalties or transfer fees because of the switch and asked how this would be handled.

Ms. Landino explained that this is why it is important that the employees meet with them so they could reach out to their investor to see what the fees would be. Chris said that there are employees that aren't aware that there are surrender charges; Mr. Stowell said that there are employees that aren't aware of why this is happening and the reason why they should have attended the meeting.

Mr. Asselin said that it needs to be clarified to the employees on why the Town is making the change to the plan.

Mr. Asselin inquired about the timing and penalty of withdrawing funds. Ms. Landino stated that it depends on where you are in the program and also with which provider you are with. Mass Mutual has no surrender charges; some have surrender charges and some do not. Every dollar you put in has a new surrender charge attached.

The Town could still use seven investors; however the Town has to be in compliance with each plan.

Mr. Stowell stated that he wants each employee to receive a phone call from the Chief Financial Officer in the plan asking if they would like to set up a meeting to meet with New England Investors to discuss the impending change. As of the pay period ending July 11<sup>th</sup> deductions will stop from any other investor other than Mass Mutual. Larry will call employees that haven't come to one of the investor information meetings.

Mr. Stowell MOTIONED that effective week ending July 11, 2015 the Town of Middlebury will no longer make employee deductions with any other 457 plans

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other than those with Mass Mutual, SECONDED by Mrs. Cappelletti. Unanimous approval.

Mr. Stowell MOTIONED that New England Financial will serve as the financial advisors to the Town of Middlebury's 457 Plan, SECONDED by Mrs. Cappelletti. Unanimous approval.

Mr. Stowell MOTIONED to ADJOURN the meeting, SECONDED by Mrs. Cappelletti. Unanimous approval.

Respectfully submitted,

*Barbara J. Whitaker*

Barbara J. Whitaker  
Recording Clerk