

TOWN OF GRANBY

Intra-Board Advisory Committee Special Meeting

June 23, 2015

MINUTES

PRESENT: Ronald Walther, Board of Education Chairman; Jenny Emery (BOE), Ed Ohannessian (BOS), Kelly Rome (on speaker phone)

EX-OFFICIO MEMBER- William F Smith, Jr., Town Manager

OTHER: Becky Sielman (Milliman)

The meeting was called to order at 6:00 p.m.

MINUTES

A **MOTION** was made by Ed Ohannessian, seconded by Jenny Emery, to approve the minutes of June 2, 2015. There was no discussion. The Committee voted unanimously to approve the minutes as presented.

PRESENTATION BY MILLIMAN

Becky Sielman from Milliman was introduced. Becky is the actuary for many towns in the Farmington Valley.

Ed Ohannessian gave an overview of the Committee's purpose, the need for cost savings and greater efficiencies. The Committee is asking Becky to provide feedback on the Town's defined benefit plans.

Becky distributed two Peer Group Surveys, one for general town employees and the other for police employees. She explained that in looking for how Granby compares to other towns, it is necessary to look for outliers in the 7 areas reviewed. The Survey for General Town Employees was reviewed first, with the following summary.

- 1) **Open /Closed:** Are the defined benefit plans (there are often a few plans in each town) open to new employees? Most towns have open plans. Granby does as well.
- 2) **Employee Contribution Rate:** Granby's 5% is above the median, although Becky noted that many towns with lower rates are in the process of negotiating increases.
- 3) **Pensionable Earnings:** Granby uses gross pay, rather than base pay or a formula. This can be abused if overtime is excessive pre-retirement, although Granby's averaging period of 5 years prevents this to some extent.
- 4) **Averaging Period:** Granby's is 5 years; the average is 3-5.

- 5) **Normal Retirement Eligibility:** Granby's "Rule of 80" is slightly more generous than others in the peer group.
- 6) **Benefit Formula:** Granby's 2% with no cap is the average. Becky noted that the adding of a cap is an issue sometimes coming up in negotiations.
- 7) **COLA:** Granby has none and this is typical of the peer group.

Becky noted that when changes to plans are negotiated, it is usually for new-hires and non-vested employees. A recent trend is a hybrid plan, which includes a modest defined benefit plan plus a modest defined contribution plan.

Discussion was held regarding potential cost savings for the town, with the following points highlighted:

- Almost all towns, except the very smallest, have defined benefit plans.
- Granby's defined benefit plan is 82% funded, excellent compared to most towns.
- The defined benefit plans do not cost the town any more than the defined contribution plan.
- An employee needs employer contributions of 10% or higher to have realistic retirement income, thus the need for other employee savings plans.

Becky then reviewed the Peer Group Survey of Pension Plans for Police Employees, noting that there was not much in the way of outliers, other than perhaps the contribution rate.

The Committee thanked Becky for her time and expertise. She left the meeting at 6:55 p.m.

CONFIRM DATE OF NEXT MEETING

The next special meeting of the Intra-Board Advisory Committee is July 7, 2015 at 6:00 p.m. in the Town Manager's Conference Room. A presentation from Blum Shapiro will be on the agenda.

ADJOURNMENT

ON A MOTION by Jenny Emery, seconded by Ron Walther, the Committee voted unanimously to adjourn the meeting at 7:00 p.m.

Respectfully Submitted,

Lauren Stuck
Acting Recording Secretary