

PENSION COMMITTEE
TOWN OF EAST WINDSOR
11 RYE STREET
BROAD BROOK, CONNECTICUT 06016

MINUTES OF SPECIAL MEETING
August 20, 2014 at 6:00 p.m.

Draft document – minutes are not official until approved at a subsequent meeting.

Members Present: Jason Bowsza, Chairman (Board of Selectmen), Edward Bowsza (At Large Member), Jerilyn Corso (Board of Finance), David King, (At Large Member).

Members Absent: Kathleen Bilodeau (Board of Education), Robert Maynard (Board of Finance), Tom Stremper, (Police Commission) Dr. Theresa Kane, Superintendent of Schools.

Others Present: Kim Lord, Pension Administrator/Treasurer; Denise Menard, First Selectman; Rebecca A. Sielman, FSA, of Milliman.

Press: No one from the Press was present at this Meeting.

1. Call to Order:

Chairman Bowsza Called the Meeting to Order at 6:06 p.m. in the Town Hall Meeting Room, 11 Rye Street, Broad Brook, CT.

2. Minutes Approval/a. May 21, 2014:

MOTION: To ACCEPT the Minutes of the Regular Meeting of the Pension Committee dated May 21, 2014 as presented.

E. Bowsza moved/King seconded/

DISCUSSION: None.

VOTE: In Favor: Unanimous (No one opposed/no abstentions)

3. Public Comment:

No one requested to speak.

4. Communication/a. Defined Benefit Fact Sheet – sent to all eligible employees:

Treasurer Lord presented the Committee a copy of a brochure she has prepared entitled "Understanding your Defined Benefit Plan". The document has been created as an

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employee resource which briefly explains the plan, employee eligibility, and the calculation of the benefit. (See Attachment A).

Treasurer Lord also advised the Committee she will present another document summarizing the "Pension Fund Investment Policy" at the Committee's next Regular Meeting.

5. New Business/A. Rebecca Sielman, FSA, Actuary from Milliman:

Ms. Sielman noted the Town has received the "Webster Private Bank Portfolio Overview dated June 30, 2014". Although representatives from Webster Bank were not present to discuss the overview Ms. Sielman noted the rate of return on the Town's investments is 16.56%.

Ms. Sielman then referenced her document "Town of East Windsor Pension Plan – GASB 67 and 68". Ms. Sielman explained that GASB 67 and 68 are new accounting procedures recommended by the Governmental Accounting Standards Board which call for new methods of financial reporting for municipalities. GASB 67 and 68 replace GASB 25 and 27, which had been in effect for over 20 years. The change in financial reporting doesn't impact how the Town funds the plan, but does separate how the financial reporting is presented. Ms. Sielman reviewed new terminology relative to GASB 67 and 68, the Town's contribution history and implementation of its funding policy, and the initiation of GASB 67 and 68. Ms. Sielman noted GASB 67 will start for Fiscal Year 2014, which will be during the upcoming audit; GASB 68 will commence with Fiscal Year 2015. Discussion continued regarding the effect of these reporting recommendations.

6. Old Business:

No Old Business pending.

7. Adjournment:

MOTION: To ADJOURN this Meeting at 7:12 p.m.

Corso moved/E. Bowsza seconded/

DISCUSSION: None.

VOTE: In Favor: Unanimous

Respectfully submitted,


Peg Hoffman, Recording Secretary, Pension Committee

Understanding your Defined Benefit Plan

What is a Defined Benefit Pension Plan?

A defined benefit plan is a pension plan under which an employee receives a set monthly amount upon retirement, guaranteed based upon the option selected at retirement. The monthly benefit amount is based upon the participant's wages, length of service and contractual multiplier.

East Windsor's defined benefit pension plan is governed by the Pension and Retirement Board, which meets quarterly in Town Hall. The meeting dates are listed in the Town Clerk's office and meetings are open to the public. The Treasurer is the Pension Administrator.

Eligible employees become fully vested in the plan after five years of continuous employment. Once you are vested, you are guaranteed monthly payments from the plan once you meet your normal retirement date, which is outlined in the applicable appendix for your employee group.

A defined benefit plan differs from a defined contribution plan, such as a 401k, because your benefit is **not determined** by how much you contribute; it's determined by a formula agreed upon by your employee group.



How is my benefit calculated?

Your annual retirement benefit is calculated in accordance with the formula set forth in the applicable appendix (see example below). Your benefit becomes payable the first day of the month next following your normal retirement date.

The amount of your bi-weekly contribution to the Plan and your retirement benefit is determined by your employee group's contract. The Pension Plan has an appendix for each employee group, which outlines contribution, entry date and benefits specific to your employee group.

A copy of the Plan is available on the Town's network in the Shared Drive, under Employee Resources/ Benefits.

If your employment is terminated before you become vested, your contributions are refunded, and there are no future benefits.

Example of how a benefit is calculated for a Non- Certified Board of Education Employee:
1.75% of the Participants Average Annual Earnings (last three years of service) times the number of years of service.

Employee Jane Doe:
Average Salary (last three years): \$42,000
Number of years of service: 18
 $42,000 \times 1.75\% = 735.00$
 $735 \times 18 = \$13,230$ annual benefit-
\$1,102.50 per month.