

**TOWN OF STONINGTON  
RETIREMENT BOARD  
December 4, 2012**

The Stonington Retirement Board held a special meeting on this date at 9:00 a.m., at the Stonington Police Department. Board members present were: Maryanna Stevens, Chairman; John O'Brien; Judy Samokar; June Strunk; and Frank Todisco. Also present was Evan Woollacott, Jr. from Hooker & Holcombe, Inc.

The meeting was called to order at 9:05 a.m.

**Review Actuarial Valuation 07/01/2012:**

Mr. Woollacott reviewed the assumptions used for the Valuation. The assumptions are on page 18 of the report, which is on file in Administrative Services. The assumptions are: 7.5% rate of investment return (net of investment management fees); salary increases per the Graded schedule; date of employment as entry date; retirement age earlier of age 62, 35 years of Credited Service or valuation date plus 1 year; and the RP-2000 Mortality Table.

Mr. Woollacott indicated that two of the assumptions had changed from the 07/01/2011 Valuation as follows:

- Salary Schedule changed from a flat rate of 4.5% per year to a Graded schedule, a sample of which is shown on Page 18 of the Valuation.
- Mortality Improvement as indicated on Page 18.

Mr. Woollacott stated that the Town's pension obligation is funded at 81%, which is over the 80% minimum funding level that has been targeted by the Retirement Board and supported by the Board of Finance.

The Town/BOE's employer pension contribution for FY13-14 will remain at 12.4%.

**Discussion of Alternative Plans:**

Ms. Stevens indicated that the Retirement Board has been discussing closing the Town's defined benefit (DB) plan to new employees and placing them in a new defined contribution (DC) plan.

Mr. Woollacott recommended that the Town set up a 401A defined contribution plan so that there will be no worry about contribution limits for employees. Contributions must be mandatory so that the employee contributions can be taken on a pre-tax basis. The contributions can vary by union. The funds for the new plan would initially be put into the current defined benefit plan until there were enough assets for the new plan. The current DB plan would have to be amended to guarantee participants at least 0% rate of return so they would not lose any of their contributions if the fund performed poorly. The Town could also encourage the current employees not vested in the DB plan to roll over their contributions into the new DC plan. The Town should establish a vesting schedule. Five year vesting at 100% is standard for most DC plans.

After some discussion, Ms. Strunk made a motion to introduce a defined contribution plan for new employees with a town contribution of 6% and employee contribution of 3%, set up as a 401A plan. Mr. O'Brien seconded and it was unanimously voted.

Mr. Woollacott indicated that Fiduciary Investment Advisors should do an Investment Policy Statement for the new plan. A higher retirement age should be considered, since most employees do not retire until age 65, due to the high cost of health insurance.

Mr. Woollacott will prepare a cash flow analysis.

**Review Fund Performance:**

The Board received Bank of America's 3<sup>rd</sup> Quarter 2012 Investment Review and had no questions or concerns regarding the report.

**Review of Bank of America Fee Schedule as Trustee:**

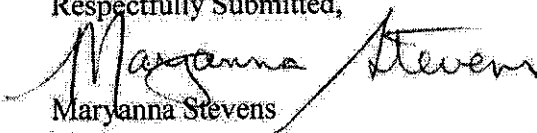
Ms. Stevens stated that Fiduciary Investment Advisor's (FIA) contract has been under review by the Town Attorney and FIA's attorney and should be finalized soon. Bank of America has indicated that they are willing to stay on as Trustee and Custodian, with FIA as the Investment Manager for the portfolio. Bank of America provided the Retirement Board with their fee schedule for those services. After review of the fee schedule, Mr. O'Brien made a motion to authorize Maryanna Stevens to sign off on the fee schedule and to continue with Bank of America as the Trustee and Custodian. Ms. Samokar seconded and it was unanimously voted.

**Approve September 11, 2012 Minutes:**

Mr. O'Brien made a motion to approve the Minutes of the September 11, 2012 meeting. Mr. Todisco seconded and it was unanimously voted.

There being no further business to come before the Board, the meeting was adjourned at 10:10 a.m.

Respectfully Submitted,

  
Maryanna Stevens  
Chairman

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