

VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM
Meeting of the Board of Trustees – Conference Call Meeting
January 11, 2018 – 9:00 a.m.

VSERS Members present:

ROGER DUMAS, Chair, VRSEA Representative (term expiring October 31, 2018)
THOMAS HANGO, Vice-Chair, VSEA Representative (term expiring September 30, 2018) –
via telephone
JEFF BRIGGS, VSEA Representative (term expiring September 30, 2018) – via telephone
ERIC DAVIS, VSEA Representative (term expiring September 30, 2019) – via telephone
ALLEN BLAKE, VRSEA Alternate Representative (term expiring October 31, 2018) – via
telephone
JEAN-PAUL ISABELLE, VSEA Alternate Representative (term expiring September 30, 2019)
JAY WISNER, Governor's Delegate position – via telephone
ADAM GRESHIN, Commissioner of Finance & Management (ex-officio)
DAN POULIOT, Deputy Commissioner of Department of Human Resources
BETH PEARCE, Vermont State Treasurer

Members absent:

BETH FASTIGGI, Commissioner of Department of Human Resources (ex-officio)

Also attending:

Katie Green, Investments Manager
Andy Cook, Investment Analyst
Laurie Lanphear, Director of Retirement Operations
Tim Duggan, Assistant Attorney General
Erika Wolffing, Retirement Division
Jim Schauer, Prudential Retirement – via telephone
Jim Cutinello, Prudential Retirement – via telephone
Bill Brennan, Prudential Retirement – via telephone

The Chairperson, Roger Dumas, called the Thursday, January 11, 2018, Conference Call Board meeting to order at 9:02 a.m., which was held in the Treasurer's Conference Room, Pavilion Building, 4th Floor, 109 State Street, Montpelier, VT.

Mr. Dumas informed the Board that there would be a discussion about the Medical Review Board and the open meeting law pertaining to executive session with Mr. Duggan in other business.

ITEM 1: **Approve the Minutes of:**

- November 13, 2017
- December 14, 2017

On a motion by Mr. Briggs, seconded by Mr. Wisner the Board voted unanimously to approve the minutes of November 13, 2017 as submitted.

On a motion by Mr. Briggs, seconded by Mr. Wisner the Board voted unanimously to approve the minutes of December 14, 2017, with all references to 1.633 million and 1.166 million corrected to 1.633 billion and 1.166 billion respectively.

ITEM 2: Prudential Transition – Plan Design Review & Discussion

Ms. Green presented the summary of the proposed plan design changes for the SDIA Plan and 457 Deferred Compensation Plan. Ms. Green explained that the proposed plan-at-a-glances or plan designs reflect current best practices and industry standards. The plan-at-a-glances were reviewed by Cammack, Prudential Retirement, and Treasurer's Office staff.

The Board discussed the potential to allow temporary employees working for the state to participate in the 457b Deferred Compensation Plan. Mr. Pouliot stated the Department of Human Resources supports allowing temporary employees to participate. Ms. Lanphear stated that if a temporary employee were allowed to participate, currently retired members returning to the state as temporary employees would no longer be able to take distributions from their deferred compensation accounts. Ms. Pearce inquired of Prudential if retired members returning as temps would be able to take distributions if temporary employees were allowed to participate in the 457 plan. Mr. Cutinello explained that if temporary employees were allowed into the 457 plan, retired members returning as temps would no longer be able to take distributions. They would be considered active employees eligible to contribute. The Board decided to defer making a recommendation on whether or not to allow temporary employees until the identified issues have been more thoroughly vetted. Board members expressed support of allowing temporary employees to join, pending resolving any unanticipated consequences for retired members.

Mr. Cutinello walked through the proposed changes to the Single Deposit Investment Account plan design including updating the plan year end to 12/31 to create consistency across all the supplemental retirement plans. The plan design was updated to reflect current administrative practice of not forcing out small balances. Forms of payment were updated to indicate installment and partial payments are allowed. The beneficiary elections were updated to allow a beneficiary of a SDIA to choose a beneficiary. Lastly, the beneficiary hierarchy was updated to reflect spouse, children, parents, and estate.

Mr. Dumas inquired whether non-periodic withdrawals could be done by direct deposit, currently ad-hoc withdrawals are processed by check. Mr. Brennan explained that Prudential plans to make ad-hoc withdrawals available through direct deposit in the 2nd quarter of 2018.

On a motion by Ms. Pearce, seconded by Mr. Wisner, the Board voted unanimously to accept the proposed changes to the SDIA plan design as presented for an effective date of February 1, 2018.

Mr. Cutinello presented the proposed changes to the 457b Deferred Compensation Plan. Prudential recommended updating the deferral method to reflect whole dollar and whole percentage elections. Mr. Isabelle expressed his preference to keep the deferral amounts allowing for any percentage out to two decimal places. The proposed changes updated the normal retirement age to age 65 and age 40 for police and firefighters as a system requirement. The Board discussed the retirement age for police is typically 50 and requested the plan design be updated to reflect age 50 for police and firefighters. The forms of payment were updated in the plan design to remove the 6-month limitation on ad-hoc disbursements. Beneficiary elections were updated to reflect that a beneficiary can choose a beneficiary. Lastly, the rollover types were clarified to exclude after-tax rollovers.

On a motion by Ms. Pearce, seconded by Mr. Davis, the Board voted unanimously to accept the plan design changes for the 457b Deferred Compensation Plan with the following exceptions, deferring action on allowing temporary employees to join the plan, updating the deferral method to allow percentages out to two decimal places, and updating normal retirement age for police and firefighters to age 50.

Ms. Pearce directed the staff to conduct an analysis with Prudential of the impact of allowing temporary and seasonal employees to join the deferred compensation plan, including scenarios of how this provision would impact individual participants currently retired.

The representatives from Prudential left the meeting at this time.

Mr. Greshin left the meeting at 10:17 a.m.

ITEM 3: Review/Act on Disability Retirement Recommendations from the December 21, 2017 Medical Review Board Meeting for:

- Robert Bradshaw
- Mary Elizabeth Drury
- Lisa Spencer
- Edith Sullivan

On a motion by Ms. Pearce, seconded by Mr. Pouliot, the Board voted unanimously to enter Executive Session at 10:21 a.m. pursuant to Title 1, §313 for the purpose of discussing personnel issues.

The Board came out of executive session at 10:29 a.m.

On a motion by Mr. Briggs, seconded by Mr. Wisner, the Board voted unanimously to approve the recommendation of the MRB to allow continuance of Robert Bradshaw's disability retirement without further review.

On a motion by Mr. Briggs, seconded by Mr. Wisner, the Board voted unanimously to approve the recommendation of the MRB to allow disability retirement for Mary Elizabeth Drury without further review.

On a motion by Mr. Davis, seconded by Mr. Wisner, the Board voted unanimously to approve the recommendation of the MRB to allow disability retirement for Lisa Spencer without further review.

On a motion by Ms. Pearce, seconded by Mr. Hango, the Board voted unanimously to approve the recommendation of the MRB to allow disability retirement for Edith Sullivan without further review.

ITEM 4: Other Business

Mr. Duggan informed the Board that he has been in communication with the Medical Review Board (MRB) to provide guidance on the reexamination process. Mr. Duggan inquired as to whether the Board was comfortable with him providing guidance to the MRB, no Board member raised an objection, and a number encouraged the communication.

Mr. Duggan provided the Board with an overview of the Open Meeting law for future reference and outlined the process for moving into executive session.

Mr. Davis thanked Retirement Office staff and the Department of Human Resources staff for including information about the Prudential transition in the HR Connect Newsletters.

Mr. Dumas requested the funding ratio table be provided to Board members at a future date.

ITEM 5: Adjournment

On a motion by Mr. Briggs, seconded by Ms. Pearce, the Board voted unanimously to adjourn at 10:38 a.m.

Next Meeting Date:

The next scheduled VSERS meeting is a Quarterly In-House on Tuesday, February 8th, 2018 at 9:00 a.m.

Respectfully submitted,



Erika Wolffing
Director Retirement Outreach & Policy