

MINUTES
RETIREMENT ADMINISTRATIVE COMMITTEE
WEDNESDAY, APRIL 29, 1987 1:30 P.M.
COMMISSIONER'S COMMITTEE ROOM

PRESENT: Bill Bacon, Lou Ann Bluntschly, Charles Lockwood, Donald Ford, Sheriff Germond

ALSO PRESENT: Marilyn Whitman, Don Mitchell

I. Approval of Minutes of November 17, 1986 Meeting

Moved by Lockwood, supported by Ford to approve the minutes of the November 17, 1986 meeting. Motion carried.

II. Review of Financial Report

The 1986 Financial Report from Massachusetts Mutual was reviewed for the Committee by Bill Bacon. The report indicates that the County's retirement plan account has \$869,514 in the special investment account (stocks) and 4.2 million in the general investment account. An interest rate of 12.4% was applied to the funds in the general investment account while the special investment account yielded 10.53% interest. Member contributions from the two F.O.P. units were placed in a sub-account of the general investment account. \$141,000 was paid out in benefits and \$17,000 was the service cost of Massachusetts Mutual.

III. Sheriff Germond Request for F.O.P. Pension Benefits

The Committee reviewed a letter from attorney Marvin Breskin relative to the Sheriff's request of being included with the F.O.P. retirement group. Sheriff Germond as an alternative, wishes to pursue inclusion of fees earned as an elected official as part of his earnings to be credited for retirement purposes. The Sheriff will gather further information. The Committee will defer further consideration of the Sheriff's request until the next meeting.

IV. Review of IRC Section 414 (h) Relative to F.O.P. Contributions

The Committee discussed the possibility of applying for IRS approval of F.O.P. member contributions as pre-tax contributions under the IRC 414(h) provision. Current member contributions are after-tax and would not be subject to tax when drawn through retirement income. Though IRS approval would mean contributions would be deducted on a pre-tax basis, there are some considerations before applying for approval:

- 1) Upon drawing retirement, member contributions would be taxable.
- 2) Application for approval by the IRS is very lengthy (up to six months) and costly (\$1,800.00)
- 3) There was a question of possible penalty if contributed funds are withdrawn as retirement prior to age 59 1/2 and how that relates to members being eligible to retire at age 55.

Moved by Lockwood, supported by Ford to request the Committee Chairman to investigate any possible problems pertaining to making application for IRC Section 414(h) approval to be presented at the next Committee meeting. Motion carried.

V. Other Business

There was no other business for consideration by the Committee.

VI. Adjournment

Moved by Lockwood, supported by Ford to adjourn the meeting. Meeting was adjourned at 2:22 p.m.

MINUTES
RETIREMENT ADMINISTRATIVE COMMITTEE
THURSDAY, AUGUST 27, 1987—9:30 A.M.
COMMISSIONERS COMMITTEE ROOM

Present: Bill Bacon, Charles Lockwood, LouAnn Bluntschly, Harry Dusseau, and Don Ford

Others Present: Sandy Rodwan and Lori Quinn of Gabriel, Roeder, Smith and Co.; Chuck Wise and Steve Oman of Massachusetts Mutual; and Marilyn Whitman

I. Approval of Minutes of April 29, 1987 Meeting

Moved by Lockwood, supported by Dusseau to approve the minutes of the April 29, 1987 meeting. Motion carried.

II. Review of 1986 Actuarial Report

Sandy Rodwan and Lori Quinn of Gabriel, Roeder, Smith and Co. reviewed the method of compilation of data in the report and the status of the fund. The fund has seen growth over the past year. Also explained was the impact of various changes such as benefit increases and allowance of employee contributions in the two Sheriff Department units.

III. Review of Investment Performance

Steve Oman of Massachusetts Mutual explained the status of the fund relative to investment and growth. The Retirement Committee had previously set a goal of diversifying up to 20% of the retirement fund in a stock/equities fund with 80% to remain in the fixed general account. As of June 30 of this year, the stock/equity fund has reached the 20% mark largely due to the very favorable performance of the stock market.

Moved by Lockwood, supported by Ford to continue the previously established policy of fund investments at an 80%/20% ratio of fixed to stock equities distribution. Motion carried.

IV. Discussion of Policy for Deferred Compensation Plans

Committee members reviewed the current status of deferred compensation programs available for employees. Chuck Wise of Massachusetts Mutual requested that if additional companies would be allowed, Massachusetts Mutual would like to be considered. Discussion was held on the mechanics of the bookkeeping process with deferred compensation.

Moved by Bluntschly, supported by Lockwood to establish a policy limiting the number of plans to no more than six (6) with the provision that any plan must have at least five (5) enrollees, and that presentations be made on off-hours. Motion carried.

V. Discussion of "Employer Pick-up" of F.O.P. Contributions

Explanation of the "Pick-up" provision and the steps necessary to complete in order to allow the provision were reviewed by Sandy Rodwan (see attached). The "Pick-up" provision is a means of deferring the applicable tax on the employee contribution to the retirement fund. IRS approval is required along with an amendment to the plan. Cost estimate to process the required IRS application is \$1,800 to \$2,500.

V. Discussion of "Employer Pick-up" of F.O.P. Contributions (cont'd)

Moved by Ford, supported by Bluntschly to begin the necessary paperwork to apply for IRS plan qualification for the "Pick-up" provision in anticipation of consideration of possible provision adoption. Motion carried.

VI. Review Changes in Mandatory Retirement Laws

Sandra Rodwan reviewed the various Acts addressing retirement (see attached). As of January 1, 1987, the provision of Section 6.7 in the County's plan regarding retirement at age 70 no longer applies to general County employees. The same provision for police/fire public service employees will become effective January 1, 1994.

VII. Review Inclusion of Judges in County's Retirement Plan

Committee members reviewed the letter from Judge Kohn and discussed the information concerning the Attorney General's Opinion and Michigan Supreme Court ruling regarding the inclusion of Judges in local unit retirement plans.

Moved by Dusseau, supported by Lockwood to defer Judge Kohn's request until a conclusive legal opinion is rendered and to present the request and information to the Board of Commissioners. Motion carried.

VIII. Adjournment

Moved by Bluntschly, supported by Dusseau to adjourn. The meeting was adjourned at 11:44 a.m.