

Cromwell Fire District

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FIRE DISTRICT OFFICE
WATER DIVISION

FIRE DEPARTMENT
FIRE MARSHAL'S OFFICE

BOARD OF COMMISSIONERS

Pension Committee Meeting

Thursday, June 30, 2022

5:30 PM

Coles Road Firehouse

105 Coles Road

Cromwell, CT

Present: Commissioners David Colligan (Chairman), Charles Epstein and Robert McIntyre. Also attending were Executive Director Julius Neto, Assistant Fire Chief Jason Brade and Fire Department retirees/Life Members Donald Swanson and James Bellamo. Commissioner Chip Darius was absent.

- I. Call to Order. The meeting was called to order at 5:40 PM, by Chairman Colligan.
- II. Approval of Agenda. A motion was made by Commissioner Epstein, seconded by Commissioner McIntyre and unanimously approved to accept the agenda as submitted.
- III. Public Comment. There were no public comments to report.
- IV. New Business
 - A. Presentation and Discussion from Wells Fargo Investment Advisors Regarding Cromwell Fire Department Volunteer Pension. The Chairman began by explaining there have been a lot of questions about pensions from life members. One person came before the Board of Commissioners at one of their meetings to explain their situation regarding trying to collect their pension. Chairman Colligan has been doing a lot of research to determine why there are discrepancies in records. The Board of Commissioners had voted to freeze the volunteer pensions. They were looking into options to manage the funds or cash out. They are also looking to confirm all the life members in good standing on record.

The Executive Director introduced two gentlemen from Wells Fargo, Tom Raganese and Zachary Tracey. They are the District's investment officers and manage the District's volunteer pension fund for Wells Fargo. The objective of this meeting is to get the volunteer pension information out there to the Commissioners and determine the status of the District in terms of financial investments. There will be another meeting scheduled in the future to include Representatives of Future Plan and Wells Fargo. Future Plan is the company where the actuaries reside. They evaluate what each benefit is and generate the annual statements. They distributed copies of the District's Portfolio Report dated June 29, 2022, and Total Assets Report. Copies are attached to the Pension Committee meeting minutes on file in the Fire District Office.

The gentlemen from Wells Fargo had information that dated back to 2006. The Chairman advised that there should be information that goes back to 1982. There had been a change in vendors in 2006 from PenTec to Future Plan. Future Plan was a new company that took over as the actuaries. Mr. Raganese explained that the District has a defined benefit pension plan. In terminating a defined benefit pension plan there are a couple of options. One would be to freeze it and the other is to terminate it.

The first handout discussed was the Portfolio Report. It was explained that Future Plan would be responsible for managing the calculations and determining an amount for each individual. The options that people will have will be to take their benefit as an annuity or a pension. They could also take it as a lump sum. He added that when a plan terminates, everyone participating becomes 100% vested. Mr. Raganese stated they need to have the portfolio information from Future Plan in order to determine final numbers for individuals.

The second handout was performance numbers. The data went back to 2006. All data was reviewed. They advised not to make any decision today. They suggested waiting for the meeting with Future Plan. The Executive Director reminded everyone that the Pension Committee has total control of the decisions to invest or not to invest. They need to find out from Future Plan when they intend to distribute the assets.

If folks were to cash out right now, they would be taking a loss on their investment. The question is does the District have the ability to try to ride out some of this to get some of the resources back hoping that the market will change. Or is the Commission ready to go to the taxpayers and inform them they are cashing out at the end of the year, and they need \$200,000 or so. They will need to get those lost funds from the taxpayer.

Future Plan had attended a meeting last year where they said the plan was overfunded by almost \$100,000. At that time no decisions were made. The numbers were estimates but they did not do an analysis. The District had asked for a quote so they could give people a rough figure on what they would be receiving. The quote the District had asked for never came. Once Wells Fargo has a date of termination from Future Plan, they can try to lock in the gains. One issue in the process was that the District never gave Future Plan a specific date that they wanted the numbers for cash out.

The Executive Director wanted to know what it is going to take to get Future Plan to calculate numbers if the District gives them a proposed date. The questions is what will be needed in the fund to 100% support pensioners, if they cash out.

It was noted that the Fire District contact information needs to be changed on the portfolio report. The former Executive Director's name appears which needs to be changed to Julius Neto. The gentlemen from Wells Fargo requested that the District send them an email to reflect the changes in contact information.

Mr. Neto asked what advice Wells Fargo would give them in terms of cashing out. Because of the market at the moment, the District was advised to stay the course, and wait to see what happens.

There was discussion about the buy out calculation. People wanted to know what their buyout amount would be. If people want to cash out instead of annuitizing it, there is a formula that actuaries use. Once things have been decided and calculations are done,

Tom and Zach will be coming back to do a presentation with those participants and they will explain the options whether it is a defined benefit or lump sum. They will explain options for the lump sum.

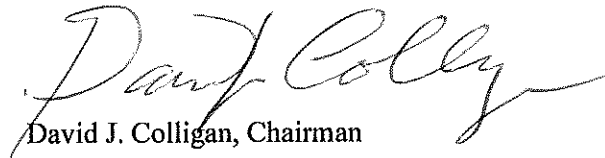
The Executive Director noted that there needs to be a date given to Future Plan to calculate what everyone's benefit would be if they choose to cash out.

The Chairman stated that Wells Fargo has given their information to the Committee on the status of the pension funds. The next step will be to schedule a meeting with Future Plan. The Executive Director will get some dates from Wells Fargo and Future Plan to meet. He will determine what is needed to conduct the meeting. They will need to come up with dollar amounts if people want to cash out as well as coming up with suggestions for annuitizing.

The Chairman asked if anyone had any additional information they wanted to be included in the research for answers. If anyone had information to add they were asked to forward it to Commissioner Colligan.

- V. Commissioners' Comments. There were no further comments from any Commissioners.
- VI. Adjournment. There being no further business, a motion was made by Commissioner Epstein, seconded by Commissioner McIntyre and unanimously approved to adjourn the meeting at 7:06 PM.

Respectfully submitted,



David J. Colligan, Chairman

Nancy Deegan
Recording Secretary