
Lower Saucon Township
Pension Advisory Committee Meeting

Meeting Minutes

December 10, 2014

Roll Call: Present – Jack Cahalan, Township Manager, Cathy Gorman, Director of Finance, Molly Bender, Chris Leidy

Absent: Mary Curtin, Priscilla deLeon, Lou Mahlman

1. **MRT Report – Cathy Gorman**

MRT report provided from October. The November's were not updated yet. Cathy reported that based on the October reports we are within our actuarially required amounts. The monthly report amounts show that the Non Uniform Plan is at about a 10% increase and the Uniformed Plan is 7% for the year to date; we are within our actuarial assumptions for the year.

Two investment companies so far are reporting their year to date fell below their index. There is only one manager not performing to their index.

Jack said based on the reports; year to date shows 6.5 % increase in comparison to the index and 3 to 3.5% increase in fixed accounts.

2. **Financial Reports**

Cathy said we are paid to date. Administrative fees and MMO payments are recorded. Township has paid \$101,197.99 into the Non Uniformed Plan and \$304,511.19 into the Uniformed plan.

3. **2015 MMO**

Cathy said we received \$197,506.68 from the State, it was deposited into the general fund and checks were immediately issued to the pension plans. The letter reports what was state aid and what the Township contribution was paid. The amounts were broken out. Molly confirmed that the 101,197.99 a good portion of the money came from State Aid. Cathy confirmed that yes, \$81,318.18 was State Aid.

4. **Policy – Notifying employees of pension benefits eligibility**

Cathy stated that there are several employees on the non-uniform plan that have benefits earned but are not eligible to receive yet. They have their vested amounts in the plan and left employment before being eligible to receive. Auditor Generals' Office recommended to adopt a policy to notify employees of their eligibility.

Molly asked if they receive a statement. Cathy stated no that only current employed people receive those, these people are reported in the Act 205 report but they do not receive notice. It shows how much these people are to receive and when they are eligible to receive it. Jack asked how many employees? There are three on the non-uniform plan. They reached their vesting period but did not work the 10 years required to cash out as a lump sum as required.

Cathy said that best way to do it would be to send a letter on an annual basis; advising them of the amount of their benefit and when they are eligible for it.

Molly asked if there is money in there will their money change will their amount change will there be a benefit. Cathy confirmed that the only amount different would be the interest earned since there is no additional calculation of increase in pay. Molly asked if someone is calculating that. Cathy advised that Chuck Friedlander is making those calculations.

Jack said so when they get to retirement age what would they be getting? Cathy said that they will be getting the forms that a normal retiree would get with showing their options. The actuary prepares those forms. Molly said that they would get their full retirement benefit as defined by our ordinance for the number of years that they worked. Cathy said based on what the Auditor recommended and being in compliance with the PA Department of the Treasury for unclaimed property I think it is best to notify them annually so we have done our due diligence. In the event that they do not respond within the three year requirement, we can then send to the PA Department of the Treasury knowing we did our due diligence. Jack asked who was on the list. Cathy confirmed that the first is Joe Killo and Freddy Lutz. Jack confirmed that we have a letter on file about Willie Shelly and when he is entitled to his benefit from moving from Non Uniformed to Uniformed. Molly asked if would they have the option to withdraw. Cathy said they would not have the option to withdraw since they did not did not reach the 10 year employment requirement when they left. Jack said then what we are recommending is sending a notice to them on an annual basis. Molly asked if it had to be annual. Jack said annually would be best so we are satisfying regulations for the unclaimed property and we would be notified if there is an address change. We can stipulate notifying the Township if there is a change of address on the letter. Cathy said she will draft the policy for review at the next meeting when we have a quorum.

5. **COLAS**

Three officers are entitled to their colas. Gerry Young and Ron Jones are entitled to colas in February at 1.6%. This brings Mr. Young to 9.3% and Mr. Jones will be at 10.7%. Officer Sfredda will be entitled to receive a 1.7% increase effective January 1, 2015 for a total of 26.6% of the 30% maximum. Molly asked if 30% is the maximum. Cathy confirmed that 30% is the maximum.

6. **Right to Know Request**

Cathy reported that we received another right to know request (Chris Leidy attended meeting at 11:22) The right to know request was from the same gentleman last year. Requesting information on our pension plans and he is probably looking for business. He is looking for quarterly information from our pension plan, some investment firm from New York. Molly asked how much he is looking for. Cathy said he just wanted the quarterly reports from PSAB. Not a lot of work on our part to provide.

7. **Pension Audit 2011-2013**

Cathy reported that the audit was complete. There were no findings on the Non –Uniform Plan. There were two minor findings on the Uniformed Plan. One was that the AG 385 was not filed in accordance to regulations. This was because the person that left employment left before the 6 month requirement for eligibility. He was reinstated the effective date of when he left, therefore he qualified. Jack confirmed that the filing was done accurately, but the officer was reinstated which we would not have known. He said that they said we should have some internal controls in place but we could not have known that was going to occur. Cathy continued by saying the second finding was the inconsistent authorized pension benefit which it never happened in our plan; it is referring to the language in our contract which is in negotiations. Jack said it is about the 50% disability language does not comply with Act 600. Cathy said our actuary is assuming the 50% and Jack confirmed that the ordinance says 50% it is just the contract that does not say the 50% disability and that should be taken care of during negotiations. Cathy said it did not come up in other Audits because it was done verbally and the Auditor General was ok with it, the new Auditor General wanted in our report.

8. **Minute Approval:** The September 9, 2014 minutes were approved

9. **Meeting Schedule:**

Next meeting March 11, 2015 at 11:00. Jack noted that both Molly and Chris requested to be reappointed. Chris asked about the colas. Cathy reviewed the percentage increases again as Chris came in late. Jack asked why Gerry's is lower and Ron's since Gerry retired first. Didn't Gerry retire before Ron? Gerry Feb 1 2009 and Ron retired February 2010. Cathy said maybe it was the index.

Cathy reviewed the information with notifying the employees of their pension benefits. It is more for the Non Uniform Plan; Killo, Lutz and Shelly. Policy will address Uniform and Non Uniform? Jack asked if it was Snyder, Cathy said it was Moskella.

Chris asked about the Uniformed amount paid in. The amount is significant; paid by State Aid and the Township. Is there an anticipated timeline to when it could be reduced? Jack said the next valuation is next year. Cathy said the last valuation had a close to a \$900,000.00 liability. Once that is paid we should sit down and really look at what the plan is costing every year. You are always supposed to maintain that normal level. Cathy said the unfunded liability was from the last couple of market crashes. The State approved a smoothing period for a specific amount of years. In essence you are acknowledging the debt to the plan. It allows us not need to come up with a million or more to maintain the plan at normal level if the market should crash. Jack said that the amount due to the plan is not going to get any higher. As long as we keep within our assumptions we should be ok.

Jack also noted that we would need to check on Mary Curtin's interest in staying on the committee.

Adjournment 11:35