**Post Employment Benefit Commission Minutes**

**July 1, 2010**

**Room 1B, State Legislative Office Building**

**Attendance:** Michael Cicchetti, Christine Shaw, Julie McNeal, Paul Mansour, Jamie Young, Greg Stump (on phone)

**Others Present:** Robert Dakers, Dan Colter

Chairman Cicchetti called the meeting to order at 1:15 p.m.

The minutes from the June 25, 2010 commission meeting will be sent out before the next meeting.

Mike presented, for the commission’s review and comments, proposed changes to those in Tiers II and IIa of the state employee pension plan for actuarial review in terms of costs. The proposal also included a new pension plan for new employees that would seek to fix the State’s costs to a certain percentage of payroll. The proposed changes to Tier II and IIa for review included increases in the age for early and normal retirement, changes to the cost of living increases and calculations regarding final pay and caps on the maximum pension that can be received.

Mike indicated that the proposals were put forth in a manner to make actuarial projections less costly to produce. Christine felt that the impact of increased employer and employee contributions should be looked at. The commission discussed how to look at various levels of contributions in a manner that will not increase the cost of getting the projections.

Christine noted that, as has been discussed in prior meetings, her office will be providing some information and projections regarding the issuance of pension obligation bonds for the SERS plan.

Paul asked if we could get the most recent information regarding pension assets for the SERS plan. Christine noted that it may be too soon, and noted that the actual valuation will be done in October or November.

Julie asked if there was still a plan to have someone come in and discuss the benefits and drawbacks of a defined contribution plan as Jamie had suggested. Mike thought this would be worthwhile. Paul noted his view that the most important issues are cost containment and predictability of future costs that are affordable to the state. The commission discussed what standards of affordability in terms of the costs of pension and OPEB plans to the State could be created. Mike felt that Bob’s chart provides a useful way of looking at these issues, which chart shows pension and OPEB costs continuing to rise as a percentage of the state budget. There was additional discussion as to the budget challenges and shortfalls facing the state over the next few years.

Mike noted he will not be able to attend the meeting on July 9th since he will be out of the office. Jamie will seek to get a representative from Yale to discuss their experiences with their pension issues, including the use of defined contribution plans.

Jamie then discussed the documents that she had sent to commission members from a recent Federal Reserve Bank of Boston meeting on pension issues, including steps taken by the State of Vermont. Julie shared information she had developed State revenues as well as information from the Yankee Institute regarding the growth in state spending, income and gross state product.

The meeting adjourned at about 2:30 PM.