

**TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION**

**PENSION LIABILITY SPECIAL PROJECT TEAM
WEBINAR MEETING MINUTES
Friday, June 11, 2021**

Committee

Present: William Drake, Chair; Andy Duus, Miriam Kreuzer, David Weisbrod

Staff: Peter Mynarski, Comptroller

Guest: Greg Stump, Actuary, Boomershine Consulting Group, Inc.

The meeting was called to order at 1:00 P.M.

1. **Approval of Minutes**

Upon a motion duly made and seconded, the Project Team voted unanimously to approve the Minutes of the May 6 and May 14, 2021 meetings, which were in the packet for today's meeting.

2. **Consideration of actions to reduce the Town's pension fund liability**

Mr. Stump presented a document entitled "Greenwich Retirement System Buyout/Cost Strategy Analysis", which is attached. The excellent investment returns of the first 10 months of FY 2021 (gains of 20.6%) if maintained would cause a notable decrease in the ADEC (Town contribution), as shown. The favorable effect of these returns is very large. Mr. Stump then provided an estimate of the payment needed to transfer the pension liability to an annuity provider or insurance company. This estimate of \$1,021,000,000 is greatly in excess of the retirement fund (\$589,000,000). The insurance companies are likely to discount the liability at 2.75% or lower, which might make the payment even larger. The Team concluded that a transfer to an annuity provider would not be practical.

Mr. Stump provided other calculations of partial reductions of the pension liability for these sub-populations: a) early retirement-eligibles, b) retirement-eligibles, and c) the long-service group with 30+ years of service, including using a DROP. After discussion, the Team concluded that these options did not have a clear benefit to the Town. The Team concluded that the best option for the Town would be to consider funding an amount in excess of the ADEC. Such a "super-funding" appears to be financially advantageous. The Team asked Mr. Duus to write a summary of the rationale for such a step. With the advice of Mr. Stump, the Team also agreed that a target funding ratio for the Retirement Plan would be approximately 90% (rather than 100%).

3. **Adjournment**

Upon a motion by Mr. Duus, seconded by Ms. Kreuzer, to adjourn the Pension Liability Special Project Team Meeting at 1:52 P.M., the Project Team voted 4-0-0. Motion carried.

Respectfully submitted,

Catherine Sidor, Recording Secretary

William Drake, Chairman
Pension Liability Special Project Team

The next meeting of the Pension Liability Special Project Team is scheduled for July 21, 2021 at 8:30 A.M.

SUBJECT TO APPROVAL