

**WASHOE COUNTY
DEFERRED COMPENSATION COMMITTEE
MEETING MINUTES**

Friday, December 5, 2014

Committee Members Present:

Darrell Craig, Chairman
Stephanie Shuman, Vice-Chair
Cindy Fladager, Judicial/Probation
Paul McArthur, Secretary/Treasurer
Scott Thomas, WCSDA

Also Present:

Sue Sabourin, Human Resources
Karen Jeffers, Human Resources
Dave Watts-Vial, Legal Counsel
Mike Fleiner, Bidart & Ross
Mary Solorzano, Comptroller's Office
Nikki Berry, District Court

Committee Members Absent:

Scottie Wallace, WCEA

1. Call to order and roll call

Meeting was called to order at 8:35 a.m. and a quorum was confirmed. Chairman Craig introduced the two guests—Mary Solorzano from the Comptroller's Office and Nikki Berry who is the HR Administrator for District Court.

2. Public comment

None

3. Approval of November 12, 2014 meeting minutes

Motion to approve was made, seconded; passed unanimously.

4. Develop and define strategies, objectives, and program design for possible auto enrollment proposal

5. Discuss next steps and meeting date to present auto enrollment strategies, objectives and program design to collective bargaining associations

Chairman Craig opened both item 4 and 5 as the focus of today's meeting, which is to attempt to develop a plan that would implement auto enrollment in deferred compensation for all County employees. He felt some good starting points (broad goals) would be:

- plan that is beneficial to everyone
- plan that all units can agree on
- plan that is easy to administer and to explain
- how to move forward

Chairman Craig reviewed handout #1 which talked about South Dakota's plan. Theirs is state-wide plan administered by the equivalent of our PERS and any entity can opt in. Prior to auto enrollment, 20% of all eligible employee participated. Eight months after the passage of auto enrollment legislation, 91% of new eligible employees participated. Higher opt-out rates occurred when units provided the opt-out forms to new employees during their new-hire orientation. They have since changed that process and individuals wanting to opt out must now meet with a retirement specialist before making their final decision. Chairman Craig feels strongly that we

should not be putting the opt out form in front of new employees, and that we should consider asking them to meet with the plan administrator first.

The Committee discussed whether or not we would want auto enrollment to impact current and future employees, or just future employees? Committee felt it would have to be new employees only because current employees would feel the difference in their check. Ms. Sabourin suggested when we communicate the auto enrollment feature we should encourage current employees to take advantage of this opportunity to enroll as well.

Chairman Craig agreed it would be easier to sell the idea of auto enrollment to the bargaining units for new employees only and Mr. Fleiner indicated that typically, agencies do start with new employees. The Committee agreed that their proposal would be for new hires only.

The Committee then discussed the contribution amount that should be used. Chairman Craig felt 3% should be the minimum, but would prefer 4% or 5%. Again, based on what would be easiest to present to the bargaining units, the Committee felt 3% would be the best place to start, since the Committee's primary goal is to increase *participation*. It will be up to the individuals to make any desired changes to their contribution amounts. The Committee agreed 3% would be the target number.

There was much discussion about whether or not to give employees 90 days to decide whether or not to opt out, but in the end, the Committee agreed 90 days was too long, so they focused on the possibility of 30 days instead of immediate enrollment. The process of refunding dollars is not only prohibitive for the payroll enterprise system, but creates tax issues as well, so it was agreed that if employees opt out, any money contributed to that point would remain in the equivalent of the current general fund. If they don't opt out within the allowed time period, their money will roll out of the general fund into an age-based model. The Committee felt strongly that there can be no harm to the new employee; we need to make this as positive an experience as possible, and not being able to get their money back may result in disgruntled employees. Mr. Fleiner suggested we give new employees a 30-day notice of when their membership will begin, which then gives them time to opt out. That would also eliminate the issue of having to refund dollars. Chairman Craig reminded the Committee that in order for auto enrollment to be successful, we need to have the contribution come out of the first check so they never miss it. Mr. Thomas strongly agreed. The Committee discussed how the employee could get their money back if they opted out, but you can't withdraw money until you sever employment from the County. Mr. McArthur added that he wants this plan to be sustainable. He feels that 10% - 15% will want to opt out, meaning there will be considerable push-back to get their money and we'll lose the whole program. Mr. Fleiner and Chairman Craig disagreed. Mr. Fleiner pointed out that most entities give a 30-day notice. Typically a notice goes out saying you will be enrolled in 30 days and if you don't want to participate you need to opt out. Vice-Chairman Shuman wanted to include a professional brochure explaining the great benefits of enrollment and why you shouldn't opt out. Ms. Sabourin pointed out that SAP will need to be reconfigured and tested and that all takes time.

The Committee decided that each bargaining unit will have the choice of two options—either a 30-day waiting period, or an immediate enrollment. There was some discussion of having the Sheriff's

bargaining units going first as a “pilot” because it sounds like they are already on board, and Mr. Thomas said they would absolutely agree to this.

The Committee then discussed auto escalation. Most plans implement 1% or 2% per year until the employee says “stop.” Mr. Fleiner said it’s usually 1% per year, which can be turned off at any time. The committee agreed that it should be unique to each bargaining unit—what works for one might not work for another.

There was some discussion of asking the County to match a certain portion of the employees’ contributions, but apparently that has been broached with the Board of County Commissioners in the past which did not go over well. The Committee also talked the possibility of making a one-time contribution of \$50 or \$100 after the employee hits a certain mark—just trying to put out some sort of carrot for the employee to stay in the plan.

Mr. Watts-Vial clarified that the Committee would need to eventually vote on these issues; however, it sounds like we need to have discussions with the bargaining units first to see what they are and are not willing to do. Chairman Craig feels the best approach is to put a consistent plan together that is the best for all employees; take that to the bargaining units and go from there. Chairman Craig and Mr. Watts-Vial confirmed that the new labor bargaining starts in January and February of 2015, although some (like the Sheriff’s Office) start even earlier.

In summary, the points agreed upon for the auto enrollment proposal were:

- **for new employees only**
- **a 3% starting deferral rate**
- **two options for an enrollment date: 30-day waiting period or immediate**
- **incorporate an auto escalation of 1% annually, depending on bargaining unit**
- **apply to the 457 per-tax plan only (no Roth)**
- **starting date would be July 1, 2015, assuming contracts are bargained timely**
- **no refunds will be issued; contributions will cease upon opting-out**

Mr. Thomas asked if we should collectively be drafting a written proposal that could be presented to each bargaining group. Ms. Sabourin asked how the Committee wanted to present to the groups—should representatives from the Committee meet with each unit, or should we have bargaining unit representatives come together for one presentation? Mr. Thomas’ preference would be to present individually to associations because he believes some units (like the Sheriff’s Office) will want to be more aggressive than the other bargaining units. Mr. Fleiner is going to draft a proposal about why auto enrollment is so important, and why and how we should do it. He will send that to all Committee members for review and once finalized, it can be used to present to each bargaining unit. It was agreed that Mr. Thomas will present to the Sheriff’s Office bargaining units (both supervisory and non-supervisory); Vice-Chairman Schuman will present to the Public Attorney and Investigator groups; Chairman Craig and Ms. Wallace will meet with the WCEA (both supervisory and non-supervisory) and Chairman Craig asked Ms. Sabourin to set up a meeting for him with the Nurse’s associations (supervisory and non-supervisory). Upon further discussion, Member Thomas offered to meet with the Nurse’s Association with Chairman Craig and they

agreed they would meet in January 2015. Once the Committee has met with all the bargaining units, they will reconvene to report back to the rest of the Committee members.

Mr. Watts-Vial reminded Committee members to be careful not to discuss updates or changes with each other so as not to violate open meeting laws.

Ms. Fladager moved to approve the auto enrollment goals as outlined in the above bolded bullet points. Motion was seconded and passed unanimously.

Mr. Watts-Vial will do some legal research about whether or not a disgruntle employee should be able to get his money back.

Mr. Fleiner will review the Committee's identified goals with Robert Trenerry to make sure all of the items can be accommodated. In the past, Mr. Trenerry has indicated the only obstacles will be the limitations of our payroll office.

Auto enrollment would have to be written into each contract and should read something like "as soon as is administratively possible" for those units that don't come to consensus by July.

Ms. Sabourin will work with Caitlin Weisgerber, MassMutual's Communication Consultant, in putting auto enrollment marketing material together.

*6. Comments by Committee or staff members

None

*7. Public comment

None

*8. Adjournment

Meeting was adjourned at 10:05 a.m.