MUNICIPAL EMPLOYEES' RETIREMENT COMMISSION

RE: BENEFITS COMMITTEE

DATE: FEBRUARY 4, 2026

LOCATION: REMOTE VIA TEAMS

SPEAKERS AT MEETING:

Trustee Jeffrey Arn
Trustee Michelle Boyles
Trustee Michael Frieda
Trustee Troy Raccuia

From the Office of the State Comptroller, Retirement Services Division:
Director John Herrington
Planning Specialist Benjamin Sedrowski
Associate Retirement and Benefits Officer Kari Pinoyer
Planning Specialist Megan Piwonski

PROCEEDINGS

(Recording begins)

MS. PIWONSKI: Good afternoon, everyone. The recording is now active. This is a meeting of the Benefits Committee of the Municipal Employees Retirement Commission. I am Megan Piwonski from the Retirement Services Division. The time is 2:03 and the meeting has been called to order. I will go ahead and call attendance. We have present for the meeting today. We have Trustee Jeffrey Arn, Trustee Michelle Boyles, Trustee Michael Frieda, Trustee Troy Raccuia. From the Office of the State Comptroller, Retirement Services Division Director John Herrington. Planning Specialist Benjamin Sedrowski. Associate Retirement and Benefits Officer Kari Pinoyer and myself, Planning Specialist Megan Piwonski. And so for this first meeting, we were hoping to go ahead and kick this off by hopefully picking a chair. So it looks like we have to do an approval of the agenda still, and -- is that correct?

MR. SEDROWSKI: Generally speaking, that's the normal framework, approval of the agenda and then go from there. I think one thing that we can also note, it might be helpful for the trustees, prior to nominating and choosing the chair and the vice chair, to discuss scope to a certain extent on the Committee and what can be expected of that officer role, so on and so forth.

MS. PIWONSKI: Okay, that makes sense. We do assume that this group would meet four times a year. This doesn't mean that it has to only be four times a year. Certainly, as things come up, we can make whatever meetings happen that you would be interested in having. Just in general, it is most likely going to be quarterly. And Ben, do you have any advice as to what extra work being chair on this committee would be?

MR. SEDROWSKI: Just the general things for setting the agenda. So any agenda items that would be requested by the trustees or from anyone that kind of comes through RSD to request information from the commission would be CC'd to them. So they would work hand in hand with you in our office in regards to getting the agendas up and running. That would also come into play with the minutes and any memoranda that's going to be coming from this committee and going out to either the commission or the other committees. I will say that going forward, especially with the implementation and the changes that we're expecting, we are planning on having benefits work very closely hand in hand with the other committees, especially legal and personnel, when it comes to rehire rules, so on and so forth, and implementation of those regulations. So to that point, I would likely think that the committee chair and vice chair would be more involved in that to a certain extent if need be. And then overall, just normal duties of anybody that's chairing or vice chairing of a board to the point of overseeing the meetings themselves and making the motions or calling the motions and so on and so forth.

MR. FREDA: Ben, this is Mike here in North Haven.

MR. SEDROWSKI: Yes, sir.

MR. FREDA: So if I can just ask a couple questions here. So in terms of the benefits, can you just kind of outline exactly what the benefits, in your view, would need to be discussed? Is it health insurance? Is it dental? Can you share that with us?

MR. SEDROWSKI: So no, it's regarding the actual benefit calculations, payment structure related directly to the MERS plan. So looking to the Governance Manual, particularly under responsibilities, it talks of reviewing and recommending policies related to the programs and administration that does include, say, eligibility requirements, service credit rules, plan design changes. So one thing that I could see being within this Committee's purview in the future would be that question of the transfer rules in regards to how rehires work between MERS 1.0 and 2.0 and so on and so forth. So you can think of it from that perspective of anything that's the mechanics of the plan and the interactions of the plan itself and the benefit structure, that would be what this Committee would be truly overseeing and specializing in.

MR. FREDA: All right. Nothing to do with the investment strategy. That is handled separately then, right? In terms of the portfolio, whether it be stocks or whatever it may be, bonds. That's not the purview of this Committee then.

MR. SEDROWSKI: That is correct, John correct me if I'm wrong. There's no interaction with that here.

MR. HERRINGTON: Correct. There's very little, other than perhaps for informational purposes only, any role for the Retirement Commission itself to play, that the investments are handled by the Treasurer's Office.

MR. FREDA: Yes. I was just with him earlier, actually, because I was up at the Governor's Office, and Eric got a nice shout out, he really did, because of the investment strategies. So things are looking good on that.

MS. PIWONSKI: So I would say that the first step would be to go ahead and do an approval of the agenda.

MR. ARN: I'll move the agenda.

MR. FREDA: I'll second.

MR. ARN: So we're going to need a chairman.

MS. PIWONSKI: Yes. All in favor?

(All in favor; none opposed.)

MS. PIWONSKI: And so it went through unanimously. Oh, actually, David Glidden is here. Hey, David.

MR. GLIDDEN: Hey there. Can you hear me?

MS. PIWONSKI: Yes.

MR. GLIDDEN: I'm sorry I'm late. I didn't expect to be able to join at all, but our hearing ended early. No need to catch me up. I'll just tag along here.

MS. PIWONSKI: You came in at the perfect time. What's going on right now is we're going to go and pick a Committee chair and vice chair. Do we have any volunteers?

MR. FREDA: Can I offer some insight here? I'd be willing to consider, I would be willing to be considered for one of the two. I do have a lot of experience. I was chairman of the Connecticut Conference of Municipalities Finance and Audit Committee. But I'm also kind of overwhelmed with all these committees and commissions that I sit on, in addition to being the chief elected official here in North Haven. We've mentioned it's four times a year at most, right? In terms of the minutes, who would be doing, who would be collecting and publishing the minutes?

MS. PIWONSKI: So that would actually be on me. That would not be on the Chair.

MR. FREDA: So is it safe to say that the most significant role would be to help organize the agenda, let's say with Ben or John, and then just go through the motions in the seconds and call for the votes? Is that the majority of you see it that way?

MS. PIWONSKI: Absolutely. Yes, that's what I see.

MR. FREDA: Okay. All right. I'm willing to be considered for either one of the two.

MR. RACCUIA: I'll nominate Mike for sure.

MR. ARN: Second.

MS. PIWONSKI: All in favor?

(All in favor; none opposed.)

MR. RACCUIA: Sorry, Mike.

MR. FREDA: That's all right, Troy. I know you were looking at me, so anyway.

MS. PIWONSKI: So it's gone through unanimously, and we have our Chair. Now we need a vice chair. And so this role, you would step in, especially in a meeting where Mike was not available.

MS. BOYLES: I'm willing, Jeff, if you're willing?

MR. ARN: I nominate Michelle.

MS. BOYLES: Then caveats, I think you guys probably will not be surprised by this statement. I am anticipating having strong opinions on certain things, and I wouldn't want to unintentionally influence people more by being a vice chair and having strong opinions as well. So that's my caveat with volunteering. Please don't then let my opinion be the opinion either.

MR. FREDA: I'll second Michelle's nomination.

MS. PIWONSKI: All in favor?

(All in favor; none opposed.)

MS. PIWONSKI: And unanimously went through. Congrats. We have our Chair and our Vice Chair.

MS. BOYLES: Now you're in charge, Mike.

MR. FREDA: All right. I just got back from Hartford, ladies and gentlemen. So do we have the agenda that you can share? Screen share?

MS. PIWONSKI: I do.

MR. FREDA: Okay. Thank you very much. A couple of parts here are repetitive, but we're going to call this meeting to order, and officially after we have a Chair and Vice Chair here that we've selected. It's 2:14 right now. As far as the attendance roll call, we just did that. We've talked about the approval of the agenda. Let me just make it official. Do I have a motion to accept the agenda?

MR. RACCUIA: I'll make a motion to accept the agenda.

MR. FREDA: Is there a second?

MR. GLIDDEN: Second.

MR. FREDA: All right. Any other discussion? Hearing none, we'll call for that vote. All those in favor?

(All in favor; none opposed.)

MR. FREDA: Item number two, new business: confirm the committee chair and vice chair, which we have just done, so thank you for facilitating that. We'll go to 2B, review of committee scope and duties, which we have kind of touched on here. Are there any other questions from any other commission members here or the trustees as to anything more that you'd like to discuss about the work plan? I'm sorry, the scope and the duties.

MS. PIWONSKI: Would you like me to pull up what we have on that in our SharePoint? Would that be helpful?

MR. FREDA: Yeah, please. Thank you. This is perfect. Perhaps we can just take a minute to review these eight points here under item number five, responsibilities. All right, if I could comment here, hopefully everybody had a chance to review the eight. A lot of this, I think, is standard for many of us who've done this. I would look to, let's say here, item number six: monitor compliance with applicable federal and state regulations governing retirement benefits.

So the way I see this, ladies and gentlemen, is that we would really need some guidance on this because a lot of us may not be totally familiar with some of the federal and state regulations regarding retirement benefits. So I think that John and Ben--I'm just going to talk to the rest of the members here--they'd be great assets for us in some of this, should we have any questions, and that's how I see it. John and Ben, are we okay with that, you, as a collaborative basis on some of these?

MR. HERRINGTON: Yeah, absolutely. I think what our hope would be, as we are working through issues, that we would prepare for the meeting by circulating to you memos that address the issues that are going to be presented, and within those memos, we would identify any relevant provisions and provide some analysis depending on how far we get. I mean, I think that there are lots of legal issues that we can work through. To the extent that we're dealing with particular tax issues, sometimes that requires some special legal advice. We would identify those, and we would work to come up with an option for us to seek tax advice when necessary.

MR. FREDA: In terms of item number seven, engaging external auditors, consultants, and auditors to support its work within the budget approved by the board. So we do this in the town of North Haven, where we may have some outside people come in. Like, I oversee the pension system here with the investment strategies, but we have outside consultants that work with me on this. So on item number seven, Ben and John, is there a list of consultants and auditors that, through both of you, we can call on? How would that portion work here?

MR. HERRINGTON: Yeah. So we have existing relationships. The consultants that we typically would work with would be: we have an investments consultant on the DC side for the plans that we administer on the state side, the defined contribution plans. They could serve as an advisor when we deal with issues relating to the DC component of MERS 2.0. We have our actuaries, who you are familiar with. We also have an outside auditing firm that works with us when we're doing our GASB work. They will provide a report to the full commission, likely sometime in the August timeframe. To the extent that we have special issues and/or questions that relate to the accounting of some of the underlying data that we receive from towns, they would be resources, and those are all existing relationships that we can rely on now without much difficulty. To the extent that through our work we find that there's a need for a different set of experts and/or consultants, we would have to engage with those. But I do believe that range. We also have litigation counsel as well that we can engage on short order. The others we would have to establish relationships and/or engagements.

MR. FREDA: Okay, I just have one last question before we open it up to the rest of the committee members. If we look at item number one and we look at, review and recommend policies related to benefit programs and administration, including eligibility requirements and service credit rules. I was going to stop there before I talk about plan design. It would seem to me, correct me if I'm wrong, that the first sentence, minus plan design changes, those rules, let's say, or protocols, are already in place, so would we need to be involved with that? Yes. Go ahead.

MS. PIWONSKI: We actually have a really good example today of a policy that we want you to take a look at and figure out what makes sense for this plan because there was a change in the actuarial assumptions. I see, and that change triggered things down the line, that we need a new policy on how we're going to treat this new situation that had not come up before. And so this number one will actually be utilized today, so you'll be able to have a really good example of that today.

MR. FREDA: So I held back the question on plan design changes. Is that plan design changes? Just what you mentioned here. Is that inclusive of plan design changes, or is that something different?

MS. PIWONSKI: My thought on that would be, with MERS 2.0, that was very much a plan design change. If there is a MERS 3.0 in the future, then this group would be extremely close in developing what that might look like.

MR. FREDA: Well, that's a perfect answer. Thank you, because I've been reading number one, I was trying to determine the distinction between everything that's mentioned in sentence one, except plan design changes. So I think you've captured the essence of what that would be if it was, let's say, MERS 3.

MR. HERRINGTON: I would say something that's a little bit different. And I think that this might be a slight gray area would be with respect to where we are with the DROP plan. So we have a DROP plan, and the DROP plan confers broad discretion to this commission to adopt a DROP plan. We have a DROP plan now that has a plan document that establishes baseline rules for that DROP. We actually are processing for the first time, someone exiting the DROP. But this is a brand new program for us. So as we go through that, we do have an initial set of rules that apply. But through the experience, through the DROP, there may need to be some changes to the rules to govern that DROP plan in the beginning of any of that discussion or consideration would be with this subcommittee.

MR. FREDA: Okay. Are there any other questions? Many other committee members. All right, one last overarching comment. Is that any recommendations that we come up with, the process of presenting the recommendations back to the members within CMERS. Does that process look like John and Ben.

MR. SEDROWSKI: Apologies. Could you repeat that, sir?

MR. FREDA: So once we continue to move forward here, and let's say that we have recommendations that don't include, like, MERS 3 as an example on a plan design, but other recommendations like we're going to discuss today, if we come to a conclusion, how does that get presented back to the members? Like, let's say, Troy's group here. Okay, what's the process on that?

MR. SEDROWSKI: I don't have a clear answer for, actually, the recommendations that were coming from this committee traditionally, and as the governance manual structures it, essentially this committee reviews it as specialists and makes those recommendations to the Board themselves, and then the Board themselves, and then the Board at large is who then approves or denies and actually effectuates that change. To that end, I would say any communications to, say, each trustee's individual constituency and so on and so forth, that would flow through the communication policies and communication structure of the Board at large in regards to items that are before the Board that the full Board hasn't considered in that recommendation or towards that end. I'm hesitant to say, to have some kind of clear distinction in communication in regards to those without a formal communication policy that addresses that, and that's something that the Governance Committee is actually going to be addressing within this quarter as well, so that would probably have a better answer shortly and soon.

MR. FREDA: Okay. Very good. Anything else, ladies and gentlemen? All right, I think we can move to the next item then. All right. Yeah, we're on 2C, establish committee work plan and schedule. So perhaps we can get some guidance to the committee members as to a framework of that, and then how we can kind of fill out the framework. Can I ask that what would the framework of that look like?

MS. PIWONSKI: So currently, as I mentioned, we were thinking this would be four times a year, and we actually have dates that I had sent out for your schedules. Here they are. I need to change the time on this one, but these were the four that we came up with. We do not have to stick with these at all, and especially the times if there are dates and times that are better for you, then we can make whatever happen.

MR. FREDA: So, here, the next one is May. It would seem to me that there's enough lead time here that we can ask for a motion to adopt these dates, and then if we have to make a change, like in midstream, if people can't make it, let's say, or we run the risk of not having a quorum, maybe we can pivot quickly on that. So if everyone's okay with that, I'd ask for a motion to accept these benefit committee meeting dates.

MR. ARN: So moved.

MR. FREDA: Is there a second?

MS. BOYLES: Second.

MR. FREDA: Oh, thanks, Michelle. Thank you. Or any other discussion. All right, we'll call for the vote.

(All in favor; none opposed.)

MR. FREDA: Thank you very much. Good job on laying the dates out. And a good job at spacing them out for enough lead time for all of us, so appreciate it very much.

MS. PIWONSKI: And let me know if you didn't receive invitations for these dates. All four should have been sent, I believe, the same day.

MR. FREDA: Thank you. Item 2D, CEMERS Administrative Factor Policy. Would anyone like to comment and offer some guidance on that.

MS. PIWONSKI: Yes. If it's okay, I would like to go through and give you a little bit of a heads up as to why we have, and for some reason, I apologize, stop sharing while I look for the right agenda.

MS. BOYLES: And while you're pulling that up, maybe, John, if you have any comments on, is it in the statutes that specifies that early retirement and conversion factors will be determined using the actuarial valuation assumptions, or is that just past precedent?

MR. HERRINGTON: Yeah, I'll confirm that. I believe that there's a broad grant of discretion to the actuary to establish relevant factors, and I don't believe that it's specific. I believe that it's broad and confers broad enough discretion that this would fall under that, but I can confirm that.

MS. BOYLES: We'll get into it with the recommendations, but I was actually surprised to see that these factors are based on the actuarial valuation assumptions.

MS. PIWONSKI: So with the change, with the assumptions, the factors were changed to now divide up the population between those that are safety and non-safety, and so there are different early retirement factors and different optional form factors, depending on which group this person or this member had been a part of.

MS. BOYLES: And, Megan, are these sex distinct or unisex?

MS. PIWONSKI: Unisex.

MS. BOYLES: Okay, so we have at least done that conversion.

MS. PIWONSKI: Right. And so the issue that we're having on an administrative side is when someone has a career that includes both safety and non safety time. We want to know what would make sense for the optional forms and the early retirement factors at that point. And so far, the only two that have come up were police officers who, right at the end of their career, went to a school and they were safety officers. So that was fairly easy for us to consider them still safety employees. But there were a lot of things as we were thinking through this. The reason that safety employees have different tables is because they are expected to die faster. They are more likely to be exposed to things that would be harmful to them. They may, during their time, there could be things that would factor into their health. So what we're trying to do is figure out, does it make sense to treat all employees the same so we're consistent across the board. And we just need to know, would it make sense to have it be the last place that they worked or the longest job during their career. Or just the fact that they were safety employee at all, does that mean that they should be on a safety table because they were possibly exposed to things. So this is something that we thought would make sense for you guys to get involved in.

We had the actuaries put together this quick little two page piece that I had sent earlier. And so they made a recommendation that the primary occupation be adopted. So depending on where someone worked for the majority of their time, then we would use those factors. So if someone was a police officer for two years and then went to the library for the rest of their career, they would not be treated as a safety employee because the majority of their career was at the library at that point.

MR. FREDA: Thank you all for. I'm sorry. Go right ahead. Go ahead, Michelle.

MS. BOYLES: Just more follow up questions on what's currently being done. So these are being used to convert from a single life annuity to joint survivor as well?

MS. PIWONSKI: Yes.

MS. BOYLES: What are we assuming for the beneficiary? Mortality for public safety? Are we assuming safety or non-safety?

MS. PIWONSKI: Good question.

MR. FREDA: To follow up on that -- go ahead, I'm sorry.

MS. PIWONSKI: We have tables from them. I'd have to dig in further, Michelle.

MS. BOYLES: Okay. Because I think that is a little bit telling on what our past precedent has been, and I think we should know what we're doing. But I think. It's clear from what I'm seeing so far. I would prefer to not do separate safety versus non-safety because I think we're splitting a lot of hairs here. And yes, we are being more generous to public safety if we say, okay, yes, they're likely not to live as longer. So if they take an early retirement, then the early retirement reduction is likely not as high, the reduction isn't as high, so they get slightly higher benefit because we're reflecting, they probably won't live as long. But the flip side is then we're penalizing them if they elect spousal coverage because if we're assuming they die sooner and their survivor lives longer, then it's going to be a bigger benefit reduction for them to cover their spouse, and I don't like that. I'm trying to be that actuary who's presenting -- this is why I don't like it, guys. Because I think we're being favorable in some ways and not in others. And it leads to these complicated questions. And if we had a more flat, consistent assumption, then we wouldn't have this issue.

MR. FREDA: So, if I can add on to this, it is kind of ambiguous in our arcane in many respects.

So let me present a hypothetical situation. A police officer retires, less than his time that he needs for a full pension calculation, but decides to retire to go into a school resource program. Let's say the elementary schools. And let's say, because it would happen this way, he would be, or he or she would be, working every month except July and August. Would that individual qualify to get ramped up to a full pension, and would that be considered safety as a school resource officer?

MR. HERRINGTON: So it's possible, both situations are possible at the member's election. Right. So there is a re-employment provision that used to prevent that. It used to prevent across the board any MERS retiree from working in any MERS town, period. There was an exception that applies to those that are school resource officers. So someone that retires from MERS goes to work for Board of Education, that is a MERS participating entity, that individual would have the option of collecting the full pension and collecting the full salary during that time period, at which time there would be no adjustment to their pension. They would just have two sources of income. Or they can elect to no longer collect their pension and to participate in the retirement plan. And in that case, their future benefit would account for their time as a resource officer.

MR. FREDA: Okay. Any other questions here from the members? We'll go back to the agenda.

MS. PIWONSKI: Sorry, one second.

MR. FREDA: Megan, is there a recommendation to us? Because you mentioned earlier when I referenced point number one on the responsibilities. Is there anything that you'd like to present to us that we should engage in a discussion right now?

MS. PIWONSKI: For the Administrator Administrative Factor Policy, if you had read through and you agreed with the actual opinions, and you wanted to move forward, and have that go to the commission. Then we could have you vote on that would be your recommendation to the committee. Otherwise, if you don't like what the actuaries. Had put out there, I think having a discussion between your group coming up with what you think would be, perhaps the best way to move forward would definitely be helpful. Michelle, I know you had commented that you didn't like the way that it was being done. Would you make a recommendation to the board that it should unify the safety in general again?

MS. BOYLES: I think absent a policy argument or historical absence, you guys having something? Oh, yes. This is why it was decided to be used and developed in this way. I think without that we should discuss it and if it's reasonable and practical and if we like it being this way. Part of my concern is when it's linked up to the actual valuation assumptions. External evaluation assumptions change, and so you could literally have -- and they can change at times that are not predictable. And what I mean by that is, yes, the valuation date is July 1, but by the time the valuation is processed accepted, then it's six months after the valuation date. So how are we adopting the timing of these changes? And it's not even mortality tables that change, even though the Society of Actuaries does publish updated improvement scales along the way. Mortality changes if we change the interest rate assumption, that's going to impact these factors. And so tying it to the actual evaluation assumptions takes a lot of control and predictability away. And so that's where those are. My biggest concerns of us doing this on an ongoing basis is seeing how it could be, I think this is just scratching the surface of issues. This is the.

MR. HERRINGTON: Some history. Typically, we have timed all of these things to occur based on that valuation kind of schedule. So it's usually not just the valuation schedule. There have been some instances that between experienced studies, that we have changed the assumptions, but most often the changes have coincided with the results of an experienced study. And at that point we would change the assumptions, and the assumptions typically are changed to apply to the next valuation. So that's historically how we have done these changes. And the largest changes have been the underlying option factors. We did that in connection with experience study. So we typically haven't changed the assumptions midstream outside of that valuation schedule. So whether that's the preferred practice or not, but we have been able to time the changes, apply and announce the changes, all on that kind of schedule. But largely that would mean that the default is that all of this is going to occur every five years. I mean, barring some large.

MR. SEDROWSKI: It looks like we have a question. Another question. Is that you Dave.

MR. FREDA: That's David? Yes.

MR. GLIDDEN: Yes. I didn't even realize I had a question. But since you asked, I guess I must have raised my hand before I was following up Michelle's initial comment. I was looking at the original recommendation. Did I understand you right, Michelle, that the recommendation to use the primary occupation as the factor was something that you are not comfortable with or you are taking it to another level on the question of actuarial assessment in the first --

MS. BOYLES: I kind of took a left turn instead of the question that's presented is how should we use different factors for the two groups if somebody has two benefits? And I said, why are we using two different factors for the different pieces. That was where I made things complicated. I was like - why are we doing this?

MR. GLIDDEN: Gotcha. I mean, my thinking on the recommendation, admittedly, is just scratching the surface, but my first blush reaction was that I liked the split better because. To me, it didn't have variability in it. It was actually reflecting. The amount of time that a hypothetical person was in this type of position versus that type of position. And that having it as the primary one, you could have all different types of examples of which one would be the primary job classification. So you could have dramatically different impacts on people. And I just like -- the purity of it reflecting people's actual service in the various classifications that they've served. And that's, again, just my first blush reaction. To the recommendation and where I would prefer to go.

MR. FREDA: All right, so here's the question to the committee members. Do we want to vote on this now, or do we need time to kind of digest this a little bit more? I'll turn to our Vice Chair, and we can put you on the spot, Michelle, because I know that you have --

MS. BOYLES: I have opinions. I did say that.

MR. FREDA: Yes, you did.

MS. BOYLES: Yes. I've warned everyone that I had opinions. I think it merits further discussion. I think we do at least need the answer to what is being assumed for the beneficiary mortality, just because I think that's important for our information, just to know how these are being determined. But I think it merits further. Research and discussion to know what's going on. What's going on? And we could even ask the actuaries of -- did they present this as the answer because this is what they were asked? Or is this because they think it is best practice to link to the valuation assumptions?

MR. FREDA: All right. We're saying that for a moment, in terms of looking at Michelle's point of view, what would be the time frame, Ben and John and Megan, that you would want to have us make this decision either way?

MS. PIWONSKI: So that's a good question right now. As I mentioned, we have not had problems come up. We've had, I believe it was two, and they were very simple, really very obvious, the police officers just right at the end, going to the schools and being safety officers. So those were the only two that had come up so far. At any point, we could have something trigger kind of a more immediate need, but we don't have that right now, not until someone actually goes to retire that is in that position.

MR. FREDA: Okay. So I'm assuming we don't want to stretch this out to our next meeting in May. Is there a time frame that the committee here can review it and come to a conclusion?

MS. BOYLES: Is it maybe something, because we are due for an experience study, right, remembering correctly? We're doing an experience study, John, or did I make that up?

MR. HERRINGTON: I believe it's with next year's valuation.

MS. BOYLES: Because maybe we can find agreement on this question, and then the answer to my question is more, let's discuss that as part of the experience study, and for now, we follow past practice.

MR. FREDA: That's a very good thought. Let me offer this, and I like these different points of view that we're presenting to each other. So it's my experience with actuaries that they give us, at least a local government, factual information. And we're going through something now, just to digress for a second, where one of our groups was debating the fact that the actual actuaries said that the annual required contribution was too high, but it was accurate. So I always thought that when we have an actuarial analysis, that offers us some cover, that we're making the best decision based on the actuaries. But Michelle makes a good point. Is it something that is that accurate, or is it something that the actuaries have been asked to do? And with multiple members here, I'm not sure if that comes into play at all.

MR. HERRINGTON: I think that it's interesting, and I'm happy that we actually have two actuaries on this call, right? But I mean, the way that I look at it is that what actuaries do is they base a lot of their numbers on assumptions, and there's a wide range of assumptions that may or may not be reasonable, but it is entirely possible for two different actuaries to come up with a different number or a different recommendation on the same facts. And it all comes down to the recommendations that they're relying on.

MR. FREDA: So then, do we go back to Michelle's thought about voting for this and then reviewing it again in the experience study. All right, so how about if we do this -- how about if I make a motion to accept the actuarial recommendation, with the caveat of it being reviewed in the experience study. Is there a second on that motion?

MS. BOYLES: Okay. I think that David preferred the actuaries' recommendation was to use primary occupation, but I think David preferred split as the conclusion, right?

MR. GLIDDEN: I did. I did. But again, that was my first-blush, just-scratching-the-surface reaction to it, is that I'm more comfortable with an approach that reflects the actual periods of service, and if there are multiple classifications, rather than it being having something that has variability built into it.

MS. BOYLES: Maybe, Megan and John, can you comment on the administrative difficulties and other issues that might arise if we were to, say, split versus primary?

MR. HERRINGTON: Yeah, I think that's hard to tell. I think we could look to see how often and how frequently this comes up. I think there may be a difference one way or the other, but I think that once we have an answer, we can apply that answer kind of consistently for the ones that come up. Do you see that differently, Megan?

MS. PIWONSKI: I mean, certainly with--let's take the two, I believe it's two that we've processed so far--hypothetically, let's say the police officer does 25 years as a police officer and then five years at the school as a safety officer. Because they're working in a school, we consider that a general employee at that point rather than a safety employee.

Under the split, it would be set where those five years are going to be under general, with that added into the 25 years under the safety. Certainly it's a little bit more administratively difficult with our systems than doing the primary occupation, but certainly feasible.

MR. GLIDDEN: I mean, as I was reading the pros and cons, that actually made it sound like the administrative aspect is more difficult for the recommended primary occupation approach because that's listed in the cons, whereas it's not listed in the comments for the split. So I would just point that out.

MS. PIWONSKI: The actuaries did think that it was going to be harder with the primary occupation. I don't think that's going to be all that difficult, though. It really would just be how much service was under general versus how much service was under safety, and the comparison at that point.

MR. FREDA: Well, I see two options here. We can delay the vote and analyze it more, or we can create a motion to go back to David's point on the split.

MR. GLIDDEN: Let me just add that I'm trying to think of different examples, right? Like if we had a circumstance where somebody had a relatively equal amount of service in one type of classification versus the other, that's very different than the two examples that apparently we've dealt with, and it would be more consequential in a circumstance like that, and it's a much closer call. So to me, having the split in that circumstance would be a lot fairer, as opposed to just the randomness of which one had two in this versus a week less in that classification. Much easier in the types of situations that we've dealt with, but I want to try to account for the ones that are messier.

MR. FREDA: All right, let me propose another motion that we make a motion to delay the vote, subject to more scrutinization, and I propose as part of the motion that, one month from today, on May 4th, we have a decision on that and get back to everybody.

MR. GLIDDEN: I'll second that.

MS. BOYLES: One month from today, on March 4th?

MR. FREDA: Yes, whatever that one month would be.

MS. BOYLES: Just making sure.

MR. FREDA: Yes. And okay, let me just stay with the motion. We have a motion. We have a second. Is there any other discussion on this? Any other points of view?

MR. GLIDDEN: The only discussion I would add is what's going to happen in that month that's going to make us be able to more easily make this decision in a month. Are we just going to think about it more, or are we going to get some more info from folks?

MR. FREDA: Any thoughts on that during discussion?

MS. BOYLES: Is it something we're seeing A few numerical examples? That would be helpful.

MR. ARN: That would be really helpful, actually.

MR. GLIDDEN: Agreed.

MS. BOYLES: Megan, is that something that you guys can provide?

MS. PIWONSKI: Yes. That should not be a problem.

MS. BOYLES: Cool. Maybe find some real people that are like a 90%, a 25%, just so we can see a little bit of the spectrum.

MR. FREDA: Megan, how long would it take to provide that information in your view?

MS. PIWONSKI: Yeah. I was thinking if you want to make a decision in a month, then you'd probably want that within a week, I would say, right?

MR. FREDA: And if we decide to pass this motion -- I know we're still in discussion -- you'd be able to send out Megan or Ben another agenda just to do it formally. That way we have to post the meeting, right? We would do that?

MR. SEDROWSKI: If you are going to be making a formal recommendation, yes, we would have to do that. So we'll have to post notice so we can get that up on the website as soon as today, or as soon as tomorrow. Stay corrected. If we agree to that, then the agenda would come out ahead of time just as it is and needs to be posted 24 hours out.

MR. FREDA: Now on March 4, we have an Audit and Finance Committee meeting. Does anyone here on that also?

MS. BOYLES: I am.

MR. FREDA: So Michelle and I are on that also, but that's not a quorum.

MS. BOYLES: Is this something, since it's follow up, would we be permitted to do it via email vote or no?

MR. FREDA: I think that that's possible. We still have to notice it because it still ends up being public meeting, correct? I would propose this. We're still in discussion that if Megan can produce this in a week, we still stay with March 4th. Two of us are going to be on the other committee at 1:00. And perhaps we set this up at 10:00 that day, March 4th.

MS. PIWONSKI: I believe -- Michelle, did you have something that day?

MS. BOYLES: Yeah. I'm going to check my calendar. I don't remember the time.

MR. FREDA: The options that day could be 10:00, 11:00, or even noontime leading up to the 1:00 meeting for Michelle and I.

MS. BOYLES: I can do 11 or noon. I cannot do 10.

MR. FREDA: David and Troy, how do you see that?

MR. GLIDDEN: Right now, 11 and noon work for me.

MR. RACCUIA: Either one works for me too,

MR. FREDA: Okay, so I'll reframe the motion. I'd like to ask for a motion to withdraw my original motion because we're in discussions. Is there a second on that?

(All in favor; none opposed.)

MR. FREDA: So I'd like to make a motion that Michelle will provide the information in approximately a week and that this committee will meet again on Wednesday, March 4th at 11:00 a.m.

MR. RACCUIA: I got a friendly amendment that Megan will provide the go ahead, Troy.

MS. PIWONSKI: Oh, I thought that was great.

MS. BOYLES: No, no, no.

MR. FREDA: Is there a second on that motion?

MS. BOYLES: Second with the friendly amendment.

MR. FREDA: Okay? Any other discussion on that amendment for that motion? I will call for that vote. All those in favor?

(All in favor; none opposed.)

MR. FREDA: In terms of the date, March 4th, 11:00 -- and maybe, Ben, you can just confirm that back to everyone also, if you don't mind.

MR. SEDROWSKI: March 4th at 11:00.

MR. FREDA: Yes, we'll go to the next item. Sorry. Want to pull that agenda up again? Yes, I apologize. Still on new business, Item 2E Reemployment rules. Did we cover some of that?

MS. PIWONSKI: So this would be different. This is going to be under, from MERS 1.0 to 2.0. And so I would like to give a little bit of a background as to what we do right now under current MERS, and then have a discussion, just a discussion about what it might look like with MERS 2.0. The point today is not for you to get to any decisions that need to be voted on. This is more just so that you can really start having a good discussion and kind of feel your way around what needs to happen with this.

And so currently, with the rehires, members moving from one municipality to another, but staying within the same formula, they would be going, whether it was not covered by Social

Security or covered by Social Security, it's completely seamless for them. All of the service is used within the formula. The highest three years of compensation are used from all employment. And so there would be nothing that the member would see at all in a difference.

When a member moves between municipalities that are in a different formula, so they could be going from a non-coverage position where they were getting the 2% formula to a Social Security-covered position that drops down to a one and a half percent formula at age 62. When we go and calculate this benefit for them, all of the Part A service is used in the formula for Part A, and all of the Part B service that they did is used under Part B. But we actually use the high three years of compensation for both formulas. So although they're no longer working in that first job, that benefit under the first job continues to increase as compensation increases. So we're not freezing it and keeping it small. It does continue to grow. And that's an important thing to note.

They also are going to be contributing under the new formula. So if they went from a higher contribution because they were getting the 2%

formula under A, and now they're going to be under B, which is a lower contribution rate, the contribution that they're paying out of their paycheck switches completely from A to B with this new job, even though their Part A benefit continues to increase slightly with additional compensation.

For members that leave, and they take a return of their employee contributions from their initial period of service, this is only allowed if someone is not vested. Once they're vested, the money does have to stay. But if they're not vested, they can take those monies out of the plan. And so service and salaries are no longer used from that period. It's almost like it never existed, unless the member pays back those contributions.

For members that leave, and they commence benefits, but then they are rehired under MERS full time, their benefits are suspended. They actually lose the COLAs that they had earned. And they start accruing new service and new compensation is able to be used for those high three years. If they do join part time, they don't have to worry about it. They can continue as they were. But if they are full time, benefits are suspended.

And then, after that, just kind of a quick recap of what it is that is happening right now, I wanted to kind of throw out some scenarios for MERS 2.0 rehire policies. So if we have members that are leaving their MERS position and they're joining a MERS position in another town or location, what this means is they would be going from a 1.0 benefit that they've been accruing, and now they're joining a MERS town, and we need to know, are they going to be grandfathered into that original MERS benefit, or do they get switched over to MERS 2.0? If they're grandfathered, would the new town be responsible for paying the old MERS contributions, even though they really had joined in under MERS 2.0? So the rest of their employees are going to be under 2.0.

If they're not grandfathered, will their original MERS benefit be frozen and added to the new benefit, or does that original benefit continue to increase with new salaries under this new position? If their benefit is frozen, are they able to commence their prior 1.0 benefit prior to commencing their 2.0 benefit? So a lot of things to think about there.

And then we also have an added issue for those that had retired under MERS, and now they're joining a town that has MERS 2.0. Are they required to join MERS 2.0, or can they opt out? And do they have to suspend their benefits while working under the new position? We have towns that are talking to me about joining MERS 2.0. Some of them have police officers that have a MERS pension that they're actually collecting on currently. And so this is something that really is going to be immediately thought about in these communities.

And for those that are in MERS 2.0 or, sorry, who had MERS 1.0, but they had not yet gotten their 25 years to satisfy the normal retirement, would their service under 2.0 count towards those 25 years so that they can retire earlier? So these were just questions that I wanted to kind of throw out there, pose to you so that you have an idea of where the conversation kind of needs to go. In that way, any rules that get set up can, you can start thinking about the implications behind those.

MR. HERRINGTON: I just wanted to kind of set the stage a little bit, right? So what's clear is that if we do nothing, if this committee has no recommendation, there's no additional rule passed by the Commission, what the default would be is that every individual that's hired at some point in the future for existing towns anytime beyond July 1st of 2026, that individual would go into MERS 2.0. So we would have to deal with essentially a split plan between the two.

If we want to refine those outcomes, we would have to do so with a rule along these lines. And so I think that we've had a brief discussion with the Commission along these lines. I think that there were, you know, a couple of different viewpoints that were raised. What I wanted to do with this meeting is once again kind of present this issue to this subcommittee and then this committee, and then ask this committee if there's any additional information you would want from us in terms of things that would help you consider what a rule might look like to deviate from the status quo. Or is the thought that, you know, it would be just more helpful for us to come back with a rule, a recommendation and a list of potential consequences or perhaps a couple of different rules? I think that the idea is that we are going to have to establish that rule, and we certainly do not believe that we've done the work required for this committee to make a decision here today, but we would like for the next meeting to be in a position as best we can to make that decision. And I guess the question is, what can or should we do to assist?

MR. FREDA: Well, John, this is Mike here. I always like the risk-reward scenarios, so if there are some scenarios that can be presented, that would be helpful. I think you very nicely told us here that if we decide to do nothing, it's an automatic kind of default into MERS 2.0. I'm not sure what the unintended consequences are on that other than perhaps a little bit more complexity in the system, but I'll open it up to the committee members. I like the different scenarios, the advantage and the disadvantage, what those unintended consequences are. I'll open it up here.

MR. ARN: I would like to get a copy of those questions, please, that you are showing on the screen. I don't think that came in our package. And then I would also like to hear maybe for next time your thoughts and suggestions on where you want to see it. Maybe you can send that in the meantime so that we can try to figure that out and be able to speak to it with some knowledge.

MR. FREDA: Does everyone agree with Jeff on that? I think that's probably the right course of action.

MR. GLIDDEN: I just wanted to echo. You beat me to it, Michael. Nothing helps me more than having hypothetical examples that show how individuals would be tangibly impacted with this approach versus that approach, so to any extent that we're able to put together scenarios or hypotheticals, that would help me anyway.

MR. FREDA: I know this is a discussion now. There's no vote being taken on it. But John and Ben and Megan, do you see we need a motion for this?

MR. SEDROWSKI: No.

MR. FREDA: Okay, very good so -- yes, go ahead, Megan.

MS. PIWONSKI: Can we talk to any attorneys about this too. I'm thinking in particular the question about growing into retirement eligibility. I would assume that's a requirement that they'd be able to grow into the 1.0 retirement eligibility. But have we talked to any attorneys about what components have to be true legally?

MR. HERRINGTON: What is the question? Can you rephrase what "growing" is? So we're saying somewhat --

MS. BOYLES: So Megan mentioned there could be somebody who terminated, did not complete enough service to be eligible for full retirement at the time they leave under 1.0. Then they go to another community. They're now under 2.0. Does that service count towards retirement eligibility for the 1.0 portion of their benefit? So that was the question I heard Megan say. So my answer back is, but what did the attorney say? And that's just one specific piece that I think the attorneys would have an opinion on. I'm not sure. Attorneys have opinions on lots of things, so there might be other components here where they would say this is not an administrative decision, but this is actual legal requirements. I'm not certain where that line might be drawn.

MS. PIWONSKI: And really, these rehire policies will end up being touched by two committees, as you had mentioned, where the Benefits Committee, certainly, but then Legal as well.

MR. FREDA: All right, so I think what we're agreeing to do is to have this sent out to everyone, to Jeff's point on the questions. And we're looking at a risk-reward analysis on multiple scenarios. Any other questions on this? All right, Megan, I'll turn it back to you here. Item number three, Old Business. Is there any Old Business that needs to be discussed? Since it's our inaugural debut, there shouldn't be any Old Business, right? All right. Seeing no Old Business, I'd like to thank everybody. Congratulations, Michelle as Vice Chair. Look forward to continuing to work on this committee. And I'd like to ask for a motion to adjourn.

MR. GLIDDEN: So moved.

MR. RACCUIA: Second.

MR. FREDA: Any other discussion?

MS. PIWONSKI: Can you say names?

MR. GLIDDEN: I think it was Troy and Dave, right?

MR. FREDA: Troy and Dave. And before we conclude and call for the vote, Megan and Ben and John, thank you very much for helping steer us in the right direction here. We appreciate it. Perfect. Thank you all. All those in favor of the adjournment?

(All in favor; none opposed.)

MR. FREDA: Thank you. Have a good afternoon everyone.

(Recording ends.)

REPORTER'S CERTIFICATE

I, Rachel Murphy, the undersigned, do hereby certify that the foregoing is, to the best of my skill and ability, a true and accurate transcript of recording of the meeting for Benefits Committee of the Municipal Employee's Retirement Commission on February 4, 2026.

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RACHEL A. MURPHY - NOTARY PUBLIC
IN AND FOR THE STATE OF CONNECTICUT
MY COMMISSION EXPIRES: APRIL 30, 2029