



City of Jonesboro

900 West Monroe
Jonesboro, AR 72401

Meeting Minutes Finance & Administration Council Committee

Tuesday, September 6, 2011

3:00 PM

Huntington Building

Special Called Meeting

1. Call To Order

Mayor Perrin was also in attendance.

Present 4 - Ann Williams; John Street; Darrel Dover and Mikel Fears

Absent 1 - Charles Coleman

2. New Business

COM-11:066

Non Uniform Pension Presentation from 1st Security / Intrust from 3:00 - 4:20.

Sponsors: Finance

Attachments: [Presentation](#)

Mr. Frank Faust, from First Security Bank, discussed the proposed new retirement system for the non-uniform employees. He explained First Security would be the discretionary trustee and liability for the plan would rest with them. Councilman Dover questioned what NestEgg's responsibility would be for the plan.

Mr. Bill Bequette, with NestEgg Consulting, explained they would ensure that a prudent process is in place for the plan. He added they do not use proprietary funds, so they will not make any money from the funds the City chooses to invest in; rather, they use institutional class share funds. He also stated they prefer face-to-face service as opposed to phone.

Mr. John Goff, from NestEgg, discussed the specifics of the 457 employee contribution plan and the 401 plan. He noted the 457 plan is pre-tax for the employees and the employee will have choices as to how their plans are developed. Employees can also decide how much to contribute, up to \$16,500. The committee will be able to specify the requirements for employee eligibility in the plan. The goal is for employees to reach better than 10% of pay being contributed to their retirement plan, but the City would have the choice as to what the City contributions will be. They encourage employees to increase their contributions up to a possible target of 6% in order to get more out of their retirement. Employee Representative Chairman Larry Jackson questioned when increases in the plan will take place. Mr. Faust answered they typically like changes to take place at the beginning of a month, but the plan is flexible enough that the employee can control when they want changes to occur. He added this plan will allow employees to make changes throughout the year as opposed to just once per year.

Mr. Jackson then questioned beneficiary benefits. Mr. Goff stated beneficiaries will receive the full amount of what is in the retirement account if an employee passes away. He added employees will have a choice when they retire as to how they want to receive the money, either in monthly payments or the full amount in order to roll the money into another account.

Mr. Goff stressed the importance of meeting with employees to educate them on how to invest the money. He added they will be able to see their balance daily through the website or by phone, whichever way is preferred. He explained employees will also be able to change their investments, daily if wanted. He cautioned they do not recommend changing investments too often because they would like the employees to think about changing their investments before moving forward with the changes. He noted there are no charges for transactions.

Mr. Jackson questioned whether they offer a guaranteed interest bearing account, so employees could opt out of playing the stock market. Mr. Goff answered yes, they also have a fixed stable income account choice. Mr. Jackson then questioned what the current rate is on the account. Mr. Goff stated the stable value fund interest is approximately 2% annually.

Mr. Jeff Mace, from NestEgg, stated they do not receive fees from investment companies, which allows them to have no conflict of interest. He explained they focus on low-cost institutional shares so the employees will get the full value from their investment returns. Councilman Dover questioned how many funds they have per category. Mr. Mace answered one. Councilman Dover then questioned how many different categories of funds they have. Mr. Mace stated 14 to 15.

Councilman Dover asked what their relationship with the committee will be in terms of allocation choices. Mr. Mace stated they will work with the committee to develop an investment policy. He added they encourage the committee to allow them to have an equity range so they don't have to come back every month in order to change investments.

Councilman Dover questioned how the payments to the plan will be handled. Mr. Barylske stated they will write that into the plan to determine whether the City will pay monthly, quarterly or yearly. Mayor Perrin added that the payment frequency can change depending on the economic environment. Mr. Goff stated monthly payments would show consistency to the employees and there would be less risk.

Mr. Scott White, from NestEgg U, discussed the educational portion of the plan. He explained they have an option called "Bump It" in which employees can voluntarily increase their retirement contribution over a period of time in order to maximize the plan. He then noted their call center is located in Wichita, Kansas but employees will also have website access.

Councilman Dover questioned what the timeline would be like to start the new plan. Mr. White answered they would like to have group meetings ahead of January 1 in order to educate the employees and to get the plan started. He noted they will send out an email concerning the new plan to inform the employees of the changes.

Mr. Jackson asked if the money employees have in the current Arkansas Diamond and Nationwide 457 plans could be rolled into the new plan. Mr. Mace answered yes, but they will have to see if there will be a penalty with the companies the plans are currently with.

Councilman Street asked how often the employees will receive statements. Mr. White

answered monthly.

Mayor Perrin questioned whether employees could take loans out against their retirement accounts. Mr. Goff answered that is an option, but they do not recommend putting it in the plan since it is just starting up. He noted that option can be added later. He explained loans are interest free, but reduce the ultimate retirement goal.

Mr. Jackson then questioned what the fees are for the employees. Mr. Goff stated there is a .75% yearly fee, but they recommend the City paying for that at least initially. He added there is also an annual base fee and participant fee they recommend the City paying initially. He explained it is the committee's choice as to whether the City pays the fee or the employee, or if both pay the fee.

Further discussion was held concerning the proposed plan.

This item was Read.

3. Adjournment

A motion was made by Councilman Darrel Dover, seconded by Councilman John Street, that this meeting be Adjourned . The motion PASSED by a unanimous vote

Aye: 3 - John Street;Darrel Dover and Mikel Fears

Absent: 1 - Charles Coleman