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**STATE OF VERMONT**  
**OFFICE OF THE STATE TREASURER**

**Draft**  
**GREEN MOUNTAIN SECURE RETIREMENT PLAN**  
**Minutes**

February 22, 2021 – Board Meeting  
Virtual Meeting via Microsoft Teams

**Green Mountain Secure Retirement Board Members Present:**

Beth Pearce  
Sivan Cotel  
Dave Reville  
Bob Hooper  
Paul Dame  
Dan Boardman

**Others Present:**

Ashlynn Doyon (Vermont State Treasurer's Office)  
Dylan Giambatista (Vermont State Treasurer's Office)  
Tim Duggan (Vermont State Treasurer's Office)  
Kenneth Coulter (TAG Resources)  
Angela Antonelli (Georgetown Center for Retirement Initiatives)  
Kiran Siddique (AKF Consulting Group)

**CALL TO ORDER**

Ms. Pearce called the meeting to order at 10:35 a.m.

**Item 1: Agenda approval and announcements**

**Mr. Hooper moved to approve the agenda. Mr. Cotel seconded the motion. The agenda was approved by a unanimous vote.**

**Item 2: Approve the minutes of January 20, 2021**

**Mr. Hooper moved adoption of the January 20, 2021 meeting minutes. Mr. Dame seconded the motion. The meeting minutes were approved on a unanimous vote.**

### **Item 3: Updates**

Mr. Giambatista provided a general status update and stated that he and Mr. Duggan attended a policy conference held by the Georgetown Center for Retirement Initiatives. He directed the Board to a summary and data exhibits on pages 7-10 of the meeting materials.

Mr. Giambatista shared that Margi Swett had resigned from the Board. He noted that her Board position stipulated representation by an “employer with 50 employees or fewer and who does not offer a retirement plan to his or her employees,” and that Ms. Sweet no longer qualified because her business now offers a plan. Mr. Giambatista said that staff was working to identify a replacement for the position and would provide recommendations to the Committee on Committees.

Ms. Pearce directed the Board to the meeting materials and flagged several decision points for discussion. She stated staff would bring additional decisions to the Board at its next meeting.

### **Item 4: ERISA 3(38) Fiduciary Plan discussion**

Mr. Duggan turned to page 11 of the meeting materials, a letter from TAG Resources detailing their due diligence for the selection of Mesirow. Mr. Duggan said that TAG would supply the Treasurer’s Office with Mesirow fund lineup proposals by March. He indicated that staff would review the Mesirow fund lineup proposals prior to the next Board meeting.

### **Item 5: Optionality and participation agreement update and decisions**

Mr. Duggan next directed the Board to the Plan Design Update document contained on page 40 of the meeting materials. He reviewed the summary of the Board’s discussion from its January meeting.

Mr. Duggan explained that staff, in consultation with TAG, was in the process of constructing two plan formats to offer to employers. The first is referred to as the Standard Plan, which is a simple safe harbor (QACA) plan that has limited flexibility but is easy to understand and administer and has a \$600 annual employer fee. The second is the Custom Plan, which is a non-safe harbor (EACA) plan that provides significant employer flexibility and will allow employers to more specifically elect features to tailor the plan to their needs. The Custom Plan has an \$850 annual employer fee.

Mr. Cotel stated his support for offering a simplified set of options in the Standard Plan. He questioned whether the variety available in the Custom Plan offered too many options, describing complexities within the draft service agreement. Mr. Duggan replied that Staff would examine the Custom Plan parameters with TAG to identify potential ways to streamline and simplify it.

Mr. Duggan walked through the plan design for the Standard Plan to seek guidance on which provisions to set at the plan level. Those issues were outlined on page 40, item 4, C of the meeting materials.

For age and service requirements, staff recommended an age requirement of 18, and years of service of 3 months/250 hours. This generated discussion among Board members about different employment scenarios, including seasonal employees, part-time employees, and employees with two jobs that offer the Plan. Mr. Duggan suggested that staff work with TAG after the meeting to run through different scenarios for consideration at the next Board meeting. The Board agreed with this approach.

Returning to discussion about age and service requirements, the Board expressed support for age 18 and 3 months/250 hours of service requirement, as recommended by staff.

Mr. Duggan reviewed eligibility for matching contribution and profit share. He noted that staff recommended conforming this parameter to eligibility and service. The Board agreed.

Mr. Duggan moved to excluded groups. He noted that staff recommended not providing employers with the option to exclude certain groups of employees from participation. The Board concurred.

Mr. Duggan reviewed the effective date of plan participation, which addresses how soon one is admitted into the plan after meeting eligibility requirements. He pointed to staff's recommendation that the Board adopt immediate participation. This led to extensive conversation about how the service requirement (3 months/250 hours) works, and whether immediate participation could create administrative problems for employers regarding notices.

Mr. Dame asked if the Board could forgo an hourly requirement and set the requirement at 3 months alone. Mr. Coulter stated that, typically, plans tend to require a months and hours and service requirement, but that months alone were sufficient and easy to administer. Mr. Dame stated a preference for setting a 3-month eligibility for the Standard Plan. After brief discussion, the Board agreed.

Mr. Duggan next explained that prior service with other employers within GMSR would count toward eligibility requirements with another employer enrolled in the Plan, and that this is a requirement of MEPs and not subject to change.

Mr. Duggan reviewed excluded compensation and presented staff's recommendation not to provide employers with the option of excluding certain forms of compensation in the Standard Plan. Mr. Coulter said this approach would conform to industry practice. The Board concurred.

Mr. Duggan reviewed Roth deferrals and recommended allowing pre-tax and Roth deferrals. The Board supported this recommendation.

Mr. Duggan next addressed Safe Harbor contributions and vesting requirements. He explained how an employer match would work under the Green Mountain Secure Retirement Plan's match structure. He asked the Board if it would want to increase the match level or leave it at the base level.

Mr. Coulter further explained the mechanics of matching contributions, auto increases, and other features. Mr. Dame asked whether auto increasing was part of the QACA design. Mr. Coulter confirmed that it was.

Ms. Pearce asked the Board if it could support the Staff recommendation of setting the match at the minimum Safe Harbor Match of 100% of the first 1% of income and 50% of the first 5% of income. Mr. Cotel said he supported this approach, and that if an employer wanted to provide a more generous match, it could choose the Custom Plan. The Board agreed.

Mr. Duggan asked the Board if they agree with the staff recommendation to eliminate the option of electing a prevailing wage provision. Mr. Coulter indicated that this is a complex election that is rarely selected. The Board agreed with the staff recommendation.

The Board next reviewed profit-sharing flexibility for employees. Mr. Cotel noted that non-profit employers are eligible for GMSR. He asked what would happen if a non-profit accidentally checked a profit share contribution. Mr. Coulter clarified that such a step would not harm the employer because it would simply be irrelevant.

Having concluded review of the Standard Plan Design document, Ms. Pearce indicated staff and TAG would incorporate the Board's recommendations into a new set of documents for consideration at the next Board meeting.

#### **Item 6: Marketing update and program pilot decisions**

Mr. Giambatista shared the final rendering of the GMSR logo. He said that he was working with TAG and PCS Retirement to brand assets with the logo, including the plan Service Agreements, website, and promotional materials.

Mr. Giambatista shared that AARP-Vermont had committed as much as \$80,000 to promote GMSRP's launch and ongoing enrollment efforts. Ms. Pearce thanked Mr. Reville and AARP-Vermont for their support.

Mr. Giambatista next described feedback from other states that had implemented public retirement plans. He noted that several states have utilized a pilot cohort prior to broadly launching the plan, and that staff had prepared a draft pilot structure for review.

Mr. Giambatista directed the Board to page 95 of the meeting materials for the draft GMSR Employer Pilot overview. He explained the goal of recruiting up to 20 employers to participate in the pilot, and said a business would be selected based on their size, location, sector type, and representation.

Mr. Giambatista stated outreach to employers would be conducted through a public solicitation and through various stakeholders, including business organizations, regional chambers of commerce, and State agencies and directories. Ms. Pearce said the process should also include outreach to minority-owned and women-run businesses in an effort to ensure a representative sample of Vermont's businesses.

Mr. Giambatista asked the Board if they had recommended stakeholder organizations beyond those listed in the meeting materials. Mr. Cotel suggested adding Main Street Alliance of Vermont. Ms. Pearce agreed.

Ms. Pearce indicated the importance of conducting an open process for the pilot. She said the Treasurer's Office was prepared to provide funding to cover 1 year of fees for the businesses in the pilot group.

Mr. Cotel said he supported the pilot concept. He asked if the Board should authorize the Treasurer's Office to increase the pilot group, should there be more interest than 20 businesses. Ms. Pearce agreed that flexibility would be helpful to achieve a represented sample, reminding the Board that funding would be provided from an existing appropriation.

A motion was made to authorize the Treasurer's Office to recruit no more than 30 employers to participate in a pilot to test the Standard and Custom Plans, to be selected based upon size, location, sector, and representation, and for the Treasurer's Office to waive the first-year employer annual fee. Mr. Reville moved to adopt the motion. Mr. Cotel seconded. The Board unanimously approved the pilot plan.

#### **Item 7: Next Steps**

Ms. Pearce recapped key decisions from the discussion. She noted that staff is preparing additional action items for the next Board meeting. Mr. Duggan asked the Board to review the Participation agreements and provide any feedback directly to staff and that staff will incorporate it.

Mr. Boardman said he would provide staff with information about the tax credits available to employers who offer a retirement plan to their workers.

#### **Item 8: Public Comment**

No public comment was provided.

#### **Item 9: Adjourn**

**Mr. Reville made a motion to adjourn. Mr. Hooper seconded the motion, and the vote was approved unanimously. The Board adjourned at 12:20 P.M.**