



BASALT

101 Midland Avenue, Basalt, CO 81621

Meeting Date: Wednesday, October 28, 2020

Location: Zoom Meeting

Time: 5:00 – 6:00 PM

BASALT FINANCE ADVISORY BOARD MEETING

5:00 pm

1. Call to Order
2. Financial Advisor selection.
 - a. Created an ad-hoc committee, the “Employee Retirement Advisor Committee” consisting of 7 employees of the Town, including myself
 - b. Current Plan assets are \$4.8 million
 - c. Reviewed structures of retirement plans, including a basic education of 401(a) and 457(b)
 - d. Reviewed the proposals from three firms – Stifel, Lockton, and Equitable.
 - e. Interviewed all three firms for an hour each last Wednesday
 - f. Discussed interviews and proposals last Thursday and got a preliminary unanimous recommendation to use Equitable, subject to reference check and review of plan fees.
 - g. Highlights of impressions of the 3 applicants:
 - i. Lockton – very professional, great presentation. Rely more on the Retirement Plan Sponsor to provide education for employees. Strong verification system for potential plan designs/options. Fees = 50 basis points, plus additional costs to meet employees one-on-one. Location – Denver area
 - ii. Stifel – Excellent local presence. Very hands-on approach working with employees. Fees = 50 basis points, all included. They also have a good program to assist with potential plan options. Location – Glenwood Springs.
 - iii. Equitable – All-in-one efficient option for retirement plan that includes the financial advisor and retirement plan option bundled. No Third Party Administrator required, saving about 9

basis points in fees. Good administrative and employee technology interface. Have a local presence – current office is in Grand Junction, but looking to add a financial advisor in Basalt specifically. Used by Carbondale and Rifle locally, and they are happy with them. Fees = 42 basis points, but will adjust down to 30 basis points when plan exceeds \$5 million. Net expense ratios for retirement plans range from 2 basis points up to 1.44 basis points, and they have about 350 plans to choose from, including environmentally conscious plans.

3. Next meeting – November 11

6:00 Adjourn

Financial Advisor RFP
Summary of How Retirement Plans Operate
Dated 10/14/2020

Structure of Most Retirement Plans:

1. Financial Advisor – **Currently Trident – Dana Erickson** - Advises, educates, and assists employees in determining the best strategy for their retirement savings. May include other areas of advisement if the employee wants to expand their role to other areas.
2. Third Party Administrator – **Currently Hunter Benefits Consulting** – Assist with the legal and technical aspects of complying with IRS/legal plan requirements.
3. Retirement Plan Sponsor – **Currently John Hancock** – Manages the retirement plan options and retirement investment funds. They invest the funds based upon the plan choices that employees make.

The Town currently has 2 options available:

1. 401(a) Defined Contribution Plan –
 - a. The Town uses this plan for the matching portion only. Police are on FPPA and cannot currently invest in this.
 - b. Currently for the Town, employees invest up to 5%, and the Town matches this up to 5%.
 - c. Currently, there is not an option to invest above the 5%, but we may be able to change this for more flexibility.
 - d. Vesting is over 3 years.
2. 457(b) Retirement Plan –
 - a. Used for those who would like to invest more in their plan above the Town match.
 - b. All full-time employees can contribute additional to this plan.
 - c. Any amount not used for health insurance can go towards this or other supplemental insurance options through American Fidelity.
 - d. Maximum allowable contribution for 2020 is \$19,500 (in addition to the 401(a)).
3. A third option, not currently offered by the Town is a Roth IRA. The benefit of a Roth is it is taxed up front, so the income generated over time will not be taxed when you take it out during retirement. It's a nice tax tool to manage your AGI
 - a. Most small organizations don't have enough resources to allow for managing a Roth.
 - b. You can invest in an Roth separate from the Town because it's after tax.

Process for this Committee:

1. Recommend a Finance Advisor to hire to Council and Finance Advisory Board
 - a. Create questions/rubric
 - b. Interview options
 - c. Meet to determine final recommendation
 - d. Make recommendation to Council/FAB

2. Finance Advisor, Assured Partners, & Committee determine TPA and Retirement Plan to choose
 - a. This will require a few more meetings with the Finance Advisor to make that decision.
3. Finance Advisor & Assured Partners assist us in the transition to the new Retirement Plan, if a change is made.