

**Open Work Session
Wicomico County 457(b) Plan
November 19, 2019**

Mr. Cannon said Council asked the Executive to be here, and the Executive is not here. He said Council is trying to get things resolved Countywide, and the concern on the 457(b) plan, which is the retirement plan for County employees, is that the plan was actually changed from Mass Mutual to Empower. He said there was a concern by the fact that Council was getting many calls from employees that they had no idea what happened to their retirement plan, and some of them had gone online and opened up their plan and it said they had a \$0 balance. He said they were extremely taken aback by that, and there is a requirement that they be notified in advance before plans are changed, as he understands it. He said, not only that, but, from what Council has been able to decipher, it appears that any major change to plans, and he would consider this a major change to a plan, that the benefits possibly could not have changed, but that is also questionable. He said, all of that aside, it does not hurt to sit down with the Executive to review this and see exactly what happened because this was a major point of contention with the employees. He clarified, even though Council does not oversee the employees, they oversee the County, and they are responsible for the Department Heads at some point in time, so it would be nice to know exactly what happened in an open exchange.

Mr. Taylor said Mr. Cannon mentioned that this was a major change, but, under the Charter, he does not think it has to be major, and it would be any change to a benefit plan because that is the way the Charter reads. He said, in terms of the 457 plan, that has been the practice in the past. He said, as pointed out, back in 2014 there were some very minor changes made in the plan that was then with Mass Mutual, and, according to the minutes, it was noted by Mr. Strausburg that these were very minor technical changes that were made. He clarified, there was no change in the way the plan operated, so there was no change in the benefits, but it was just to make the IRS happy under some regulations they had issued that say what their plan has to say. He said, in addition to that, in the County's retirement plan there have been a number of changes made to that which have come before Council and have been approved also. He said the practice is well established, and is not something he has come up with out of leftfield. He said he does not know where Council goes from here, but it seems to him that logic would say they would review what was done and approve it if they feel it was a beneficial worthwhile change. He said the Executive Office could have come to Council and presented it, and Council could have approved it if it was so good, which would be the first thing. He said he thinks in the letter written to Mr. Culver on November 7, 2019, Council asked him to provide information about who responded to the RFP, what their proposals were, how they were evaluated, and why they chose this particular group they have gone to, and, as he understands it, they have not gotten a response. He then asked Mrs. Hurley if that is correct, to which Mrs. Hurley responded, they have not gotten a response. Mr. Taylor asked if they have been told whether they are going to get a response or not, to which Mrs. Hurley, responded, no. Mr. Taylor said he guesses it is a "go pound sand" type response.

Mr. Taylor said there were some other aspects of the process they could see from what was available online. He said the RFP process had some odd things to it that are mentioned in item three of the letter, but he will not go over those as he does not think that is the most significant point of this, but could be addressed if the Administration provides the material, and should be, in his opinion. He said Mr. Cannon

already mentioned item four. He said there was a shock and awe factor when people got a statement from the old provider saying they did not have any funds left in their account because they had transferred them to the new provider, which meant they had zeroed out the accounts with the old provider. He said, beyond that, apparently there have been some concerns or complaints about the way certain employees have been treated when they contacted the Executive Branch about this, and whether Council wants to go into that or not is up to Council. He said then there were some statements involving a change that occurred with regard to Mass Mutual's investment option that had a guaranteed 4 percent return, which, as he understands, a good many employees were in and liked the fact that they did not have to worry about the bond market or stock market, but that has been eliminated, as he understands it. He said there were comments made by Ms. Ennis to the effect that Mass Mutual was going to discontinue that, and he has no idea whether that is the case or not, but perhaps Mr. Roser or Mr. Hitchens could check with Mass Mutual on that. He said, since this letter was written, it has come to his attention that, in addition to changing the 457 plan, a second plan was implemented with Empower, a 401(a) plan, and there is a benefit to employees with this. He explained, right now under the 457 plan they have a 20 percent match, so, in other words, the County puts in 20 percent of what the employee puts in. He said there is a cap under the 457 plan, and right now it is about \$19,000 and change, so, essentially, the employee can put in 80 percent of that because the County's match of 20 percent would be the other part. He said that is deemed to be taxable, however, but if they set up a 401(a) plan then the employee can put that same amount of the county's 20 percent match into the 401(a) plan and that is tax deferred, so it is a good idea to have it. He said his understanding is most providers offer that as well as a 457 plan because of that reason, and they often go hand in hand. He said, however, he would note just for Council's attention that the 401(a) plan can also be used to defer further income depending on the relationship they strike with their provider, and also the County could match that, but he does not know what the Executive Branch has done in that regard. He said that is something he just found out about, and he thinks it is another matter Council would want to discuss with the Executive Branch to find out exactly what the parameters of that 401(a) plan are going to be. He said, unfortunately, they do not have anything, and how to go about getting it perhaps would be a public information request, but he does not know. He said Council has asked once, so he guesses they could ask a second time and ask to please avoid the rigmarole of a public information act request. Mr. Cannon said two things come into play, and one is that it is required by law that Council be informed and approve these changes. He clarified, that is required by law. He said people call it the Charter, but it is the law. He said the second part of that is that everybody here runs on the principles of open and transparent government, and that is why this is something that should be addressed publically. Mr. Taylor said he will also mention there is a provision in the Charter that says the County Executive has the duty to provide Council any information it requests for matters that are within its parameters and jurisdiction, and this certainly is because, as he said, the Charter expressly says that Council, essentially, establishes, modifies, and changes the personnel system, including the benefit plans. He said he does not know how Council wants to proceed with this, but the two options would be to ask again, or do a PIA request.

Mr. Dodd said one point he would like to make is that most of the County employees and retirees are residents of Wicomico County, so when there is an incident or something that concerns them, the first person they call is their elected representative, and there are many times, such as this, that Council does not have an answer for them. He said that gets old and it makes Council look bad when they do not

know what is going on in their own County. Mr. Holloway said he has also heard concerns from retirees and employees, and it just seems like it is one thing after the other when it comes to the Charter.

Mr. Taylor said, just to make it clear, he is not suggesting there is anything wrong with Empower or changing it, but he just simply does not know, so there is no way he could say anyway, but he thinks it is a valid matter, and Council is, essentially, charged with running the personnel system. Mr. McCain said, getting to Mr. Taylor's point, Council can ask again because they are obligated to do that. There was no further discussion.



John T. Cannon, President



Larry W. Dodd, Vice President, District 3



Ernest F. Davis, District 1



Nicole Acle, District 2



Josh Hastings, District 4



Joe Holloway, District 5



William R. McCain, At-Large



Laura Hurley, Council Administrator