

Annual 401(k) Board Report
May 15, 2017

History:

The AAAPP has had a 401(k) retirement plan with profit sharing in place since October 2000. Employees are eligible to participate for purposes of both elective deferrals of their salary and profit sharing when they have completed 500 hours of service within the six month time period following their date of employment. The plan provides for the agency to make a discretionary contribution of 10% of an eligible employee's salary into the plan each payroll period with no requirement on the part of the employee to contribute. Employees are eligible for entry into the plan on the first day of the Plan Year quarter coinciding with or following the six-month waiting period. There is a five year graded vesting schedule based on years of service. Each year that an eligible employee works 1000 hours during a calendar year, they are credited another 20% toward the full vesting schedule, with 100% vesting after five years.

Advisors:

To ensure that the plan functions correctly, the AAAPP has outside advisors who assist the AAAPP in its fiduciary duties and responsibilities. They are:

Mass Mutual Retirement Services:	Investment Provider
Southern Pension Services:	Third Party Administrator
Kelly Carlson:	Retirement Plan Consultant

There have been no changes to the Investment Provider or Third Party Administrator in the last year.

The Retirement Plan Consultant began her services to the AAAPP in April 2015. She was introduced to the board of directors at their meeting on April 20, 2015.

Investment Committee:

Helen D. King, Trustee
Martha Lenderman, Trustee
Jason Martino, Staff Representative
Kathy Carleton, Chief Financial Officer

Changes to Investment Committee: Sally Gronda retired on September 30, 2016 and she was removed as a Trustee. Mike Isaacson was added as a Trustee in November 2016. It is presumed, but not an absolute must, that the new Executive Director to be hired will be a Trustee and part of the Investment Committee. On April 17, 2017, the Board voted to have Elithia Stanfield replace Martha Lenderman as Board Trustee/Representative when she rotates off.

Plan Summary:

The total assets or balance in the retirement plan as of 5/3/2017 were \$3,510,871.92. There are 40 active participants (active employees) in the Plan, 20 of whom are fully vested. Additionally there are 10 participants (former employees) with

assets still in the plan. Of the 40 active participants, 32 or 80% of these participants contribute to their 401(k).

Contract Review:

Since being selected, Kelly Carlson has met with the Investment Committee periodically to discuss current plan arrangement; fiduciary status; and fund monitoring process. In Mid-2016, Kelly began the process of benchmarking our Plan which compares the agency's Investment Provider to similar Providers with respect to fees, investment lineup and other important aspects. As a result of the benchmarking, the Investment Committee voted to change Investment providers from MassMutual to Empower. (Separate report to be provided)

Changes and/or Actions to 401(k) Plan since Previous Board Presentation:

- The agency continues to implement ERISA Section 404(a)(5) under the Department of Labor regarding disclosures of Plan fees to participants.
- The Board of Directors approved on 1/11/16 a total of \$10,000 of additional employer profit sharing contributions. This was processed in March 2016 to all eligible employees on record for 2015 calendar year.
- The 2015 Summary Annual Report, prepared by our Third Party Administrator Southern Pension Services, for the Area Agency on Aging 401(k) Plan was distributed to all participants on May 19, 2016.
- On April 1, 2016, Envestnet Retirement Solutions, LLC became the new fiduciary provider for MassMutual, replacing Mesirow Financial.
- Our Third Party Administrator, Southern Pension Services, updated our Plan, per IRS regulations, to bring it up to date with changes in the law, particularly with the Pension Protection Act (PPA). The Board adopted the Plan Restatement at their meeting on March 21, 2016
- At the April 18, 2016 Board of Directors meeting, they approved a new fiscal management policy on 401(k) End of Year Employer Contributions.