

SI Financial Group, Inc.
Form DEF 14A
April 03, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 14A
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

SI FINANCIAL GROUP, INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

N/A

(2) Aggregate number of securities to which transactions applies:

N/A

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

N/A

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11 (a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

N/A

(2) Form, Schedule or Registration Statement No.:

N/A

(3) Filing Party:

N/A

(4) Date Filed:

N/A

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April 3, 2015

Dear Stockholder:

You are cordially invited to attend the annual meeting of stockholders of SI Financial Group, Inc. (the Company). The meeting will be held at the Savings Institute Bank and Trust Company Financial Center, 579 North Windham Road, North Windham, Connecticut on Wednesday, May 13, 2015 at 9:00 a.m., local time.

The notice of annual meeting and proxy statement appearing on the following pages describe the formal business to be transacted at the meeting. During the meeting, we will also report on the operations of the Company. Directors and officers of the Company, as well as a representative of Wolf & Company, P.C., the Company's independent registered public accounting firm, will be present to respond to appropriate questions of stockholders.

It is important that your shares are represented at this meeting, whether or not you attend the meeting in person and regardless of the number of shares you own. You can vote your shares via the internet, by telephone or by completing and returning a proxy card. Voting instructions are printed on your proxy or voting instruction card and are included in the accompanying proxy statement. If you attend the meeting, you may vote in person even if you have previously mailed a proxy card.

We look forward to seeing you at the meeting.

Sincerely,

Rheo A. Brouillard
President and Chief Executive Officer

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**803 MAIN STREET
WILLIMANTIC, CONNECTICUT 06226
(860) 423-4581**

NOTICE OF 2015 ANNUAL MEETING OF STOCKHOLDERS

- TIME AND DATE** 9:00 a.m., local time, on Wednesday, May 13, 2015
- PLACE** The Savings Institute Bank and Trust Company Financial Center
579 North Windham Road
North Windham, Connecticut
- ITEMS OF BUSINESS**
- (1) To elect three directors to serve for a term of three years.
 - (2) To ratify the selection of Wolf & Company, P.C. as our independent registered public accounting firm for the fiscal year ending December 31, 2015.
 - (3) An advisory vote to approve the compensation of the Company's named executive officers as disclosed in this proxy statement.
 - (4) To transact such other business as may properly come before the meeting and any adjournment or postponement of the meeting.
- RECORD DATE** To vote, you must have been a stockholder at the close of business on March 13, 2015.
- PROXY VOTING** It is important that your shares be represented and voted at the meeting. You can vote your shares via the internet, by telephone or by completing and returning the proxy or voting instruction card provided to you. Voting instructions are printed on your proxy or voting instruction card and included in the accompanying proxy statement. A printed proxy card for the annual meeting and a self-addressed envelope will be mailed to all stockholders of record on or about April 13, 2015. You can revoke a proxy at any time before its exercise at the meeting by following the instructions in this proxy statement.

Laurie L. Gervais

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Corporate Secretary

April 3, 2015

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Proxy Statement

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SI FINANCIAL GROUP, INC.

PROXY STATEMENT

General Information

We are providing this proxy statement to you in connection with the solicitation of proxies by the Board of Directors of SI Financial Group, Inc. for the 2015 annual meeting of stockholders and for any adjournment or postponement of the meeting. In this proxy statement, we may also refer to SI Financial Group, Inc. as SI Financial, the Company, our or us. we,

SI Financial is the holding company for Savings Institute Bank and Trust Company. In this proxy statement, we may also refer to Savings Institute Bank and Trust Company as Savings Institute or the Bank.

We are holding the 2015 annual meeting at the Savings Institute Bank and Trust Company Financial Center, 579 North Windham Road, North Windham, Connecticut on Wednesday, May 13, 2015 at 9:00 a.m., local time.

We intend to provide access to this proxy statement and a proxy card to stockholders of record beginning on or about April 3, 2015.

Important Notice Regarding the Availability of Proxy Materials

for the 2015 Annual Meeting of Stockholders to be held on May 13, 2015

This proxy statement and our 2014 Annual Report are available electronically at www.edocumentview.com/SIFI. On this website, the Company also posts the 2014 Annual Report on Form 10-K, as filed with the Securities and Exchange Commission.

Information About Voting

Who Can Vote at the Meeting

You are entitled to vote the shares of SI Financial common stock that you owned as of the close of business on March 13, 2015. As of the close of business on that date, 12,775,844 shares of SI Financial common stock were outstanding. Each share of common stock has one vote on each matter presented to shareholders.

Ownership of Shares; Attending the Meeting; Voting

You may own shares of SI Financial in one of the following ways:

Directly in your name as the stockholder of record;

Indirectly through a broker, bank or other holder of record in street name ; or

Indirectly through: (1) the SI Financial Group, Inc. Stock Fund (the Stock Fund) in the Savings Institute Bank and Trust Company Profit Sharing and 401(k) Savings Plan (the 401(k) Plan); (2) the Savings Institute Bank and Trust Company Employee Stock Ownership Plan and Trust (the ESOP); and/or the trust that holds restricted stock awards issued under the SI Financial Group, Inc. 2005 Equity Incentive Plan (the 2005 Plan) and the SI Financial Group, Inc. 2012 Equity Incentive Plan (the 2012 Plan) and together with the 2005 Plan (the Equity Incentive Plans).

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If your shares are registered directly in your name, you are the holder of record of these shares and have the right to give your proxy directly to us or to vote in person at the meeting.

If you hold your shares in street name, your broker, bank or other holder of record is sending these proxy materials to you. As the beneficial owner, you have the right to direct your broker, bank or other holder of record how to vote by filling out a voting instruction form that accompanies your proxy materials. Your broker, bank or other holder of record may allow you to provide voting instructions by telephone or the internet. Please see the instruction form provided by your broker, bank or other holder of record that accompanies this proxy statement. If you hold your shares in street name, you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of SI Financial common stock held in street name in person at the meeting, you must obtain a written proxy in your name from the broker, bank or other nominee who is the record holder of your shares.

See *Participants in the ESOP, 401(k) Plan or Equity Incentive Plans* for a discussion of voting rights under those plans.

Quorum and Vote Required

Quorum. We will have a quorum and be able to conduct the business of the annual meeting if the holders of a majority of the outstanding shares of common stock entitled to vote are present at the meeting, either in person or by proxy. If you return valid proxy instructions or attend the meeting in person, we will count your shares to determine whether there is a quorum, even if you abstain from voting. Broker non-votes also will be counted to determine the existence of a quorum.

Votes Required for Proposals. At this year's annual meeting, stockholders will be asked to elect three directors to serve a term of three years. In voting on the election of directors, you may vote in favor of the nominees, withhold votes as to all nominees or withhold votes as to any nominee. There is no cumulative voting for the election of directors. Directors must be elected by a plurality of the votes cast at the annual meeting. This means that the nominees receiving the greatest number of votes will be elected. Votes that are withheld and broker non-votes will have no effect on the outcome of the election.

In voting on the ratification of the appointment of Wolf & Company, P.C. as the Company's independent registered public accounting firm or on the advisory vote to approve the compensation of the Company's named executive officers, you may vote in favor of the proposal, vote against the proposal or abstain from voting. The affirmative vote of a majority of the votes cast is required to approve each of these proposals. Abstentions and broker non-votes will have no effect on the proposals.

Effect of Not Casting Your Vote. If you hold your shares in street name it is critical that you cast your vote if you want it to count in the election of directors (Item 1 of this Proxy Statement) or with respect to the advisory vote regarding the compensation of our named executive officers (Item 3 of this Proxy Statement). Current regulations restrict the ability of your bank or broker to vote your shares in the election of directors and other matters on a discretionary basis. Thus, if you hold your shares in street name and you do not instruct your bank or broker how to vote in the election of directors or for the advisory vote regarding the compensation of our named executive officers, no votes will be cast on your behalf. These are referred to as broker non-votes. Your bank or broker does, however, continue to have discretion to vote any shares for which you do not provide instructions on how to vote on the ratification of the appointment of the Company's independent registered public accounting firm (Item 2 of this Proxy Statement).

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Voting by Proxy

The Board of Directors of SI Financial is requesting that you allow your shares of SI Financial common stock to be represented at the annual meeting by the persons named in the proxy card. All shares of SI Financial common stock represented at the annual meeting by properly executed and dated proxy cards will be voted according to the instructions indicated on the proxy card. If you sign, date and return a proxy card without giving voting instructions, your shares will be voted as recommended by the Company's Board of Directors. The Board of Directors recommends a vote:

FOR each of the nominees for director;

FOR ratification of Wolf & Company, P.C. as the independent registered public accounting firm; and

FOR approval of the compensation of the named executive officers.

If you received a notice and wish to receive a paper copy of the proxy card, you can obtain a copy by:

Calling (866) 641-4276

Visiting <http://www-us.comptershare.com/investor>; or

Mailing to P.O. Box 30170, College Station, Texas 77842-3170.

If any matters not described in this proxy statement are properly presented at the annual meeting, the persons named in the proxy card will use their judgment to determine how to vote your shares. This includes a motion to adjourn or postpone the annual meeting to solicit additional proxies. If the annual meeting is postponed or adjourned, your SI Financial common stock may be voted by the persons named in the proxy card on the new annual meeting date as well, unless you have revoked your proxy. We do not know of any other matters to be presented at the annual meeting.

You may revoke your proxy at any time before the vote is taken at the meeting. To revoke your proxy, you must either advise the Corporate Secretary of the Company in writing before your common stock has been voted at the annual meeting, deliver a later dated proxy or attend the meeting and vote your shares in person. Attendance at the annual meeting will not in itself constitute revocation of your proxy.

Instead of voting by mailing a proxy card, registered stockholders can vote their shares of Company common stock via the internet or by telephone. The internet and telephone voting procedures are designed to authenticate stockholders' identities, allow stockholders to provide their voting instructions and confirm that their instructions have been recorded properly. Specific instructions for internet and telephone voting are set forth on the proxy card. The deadline for voting via the internet or by telephone is 1:00 a.m., Eastern Time, on Wednesday, May 13, 2015.

Participants in the ESOP, 401(k) Plan and Equity Incentive Plans

If you participate in the ESOP, if you invest in SI Financial common stock through the Stock Fund in the 401(k) Plan or if you are a participant in the Equity Incentive Plans, you will receive a voting instruction card for each plan that will reflect all the shares that you may direct the trustees to vote on your behalf under the respective plans. Under the terms of the ESOP, all allocated shares of SI Financial common stock held by the ESOP are voted by the ESOP trustee, as directed by plan participants. All unallocated shares of SI Financial common stock held by the ESOP and all allocated shares for which no timely voting instructions are received are voted by the ESOP trustee in the same proportion as shares for which the trustee received voting instructions from other plan participants, subject to the exercise of its fiduciary duties. Under the terms of the 401(k) Plan, participants may direct the Stock Fund trustee how

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to vote the shares credited to their accounts. The Stock Fund trustee will vote all shares for which it does not receive timely instructions from participants in the same proportion as shares for which the trustee received voting instructions from other plan participants. Under the Equity Incentive Plans, participants may direct the plan trustee how to vote the unvested shares of restricted stock awards. The plan trustee will vote all shares held in the trust for which it does not receive timely instructions as directed by SI Financial. **The deadline for returning your voting instruction cards is May 4, 2015.**

Corporate Governance and Board Matters

Director Independence

The Company's Board of Directors currently consists of eleven members, all of whom are independent under the listing standards of The NASDAQ Stock Market, except for Rheo A. Brouillard and Kevin M. McCarthy. Mr. Brouillard is not independent because he is President and Chief Executive Officer of SI Financial and Savings Institute. Mr. McCarthy is not independent as a result of the terms of the non-competition agreement that the Company entered into with Mr. McCarthy in connection with the Company's acquisition of Newport Bancorp, Inc. and Newport Federal Savings Bank in September 2013. In determining the independence of its directors, the Board considered transactions, relationships and arrangements between the Company and its directors that are not required to be disclosed in this proxy statement under the heading *Transactions with Related Persons*, including: (1) loans or lines of credit that the Bank has directly or indirectly made to Directors Mark D. Alliod, Roger Engle, Robert O. Gillard and William R. Harvey; and (2) services by Harvey, Carr & Hadfield, of which William R. Harvey is a partner.

Board Leadership Structure and Board's Role in Risk Oversight

The Board of Directors has determined that the separation of the offices of Chairman of the Board and President and Chief Executive Officer will enhance Board independence and oversight. Moreover, the separation of the Chairman of the Board and President and Chief Executive Officer will allow the President and Chief Executive Officer to better focus on his responsibilities of running the Company, enhancing stockholder value and expanding and strengthening our franchise while allowing the Chairman of the Board to lead the Board in its fundamental role of providing advice to and independent oversight of management. Consistent with this determination, Henry P. Hinckley currently serves as Chairman of the Board of Directors. Mr. Hinckley is independent under the listing requirements of The NASDAQ Stock Market. Mr. Hinckley will retire at the annual meeting and will be replaced by Mark D. Alliod. Mr. Alliod is also independent under the listing requirements of The NASDAQ Stock Market.

Risk is inherent with every business, and how well a business manages risk can ultimately determine its success. We face a number of risks, including credit risk, interest rate risk, liquidity risk, operational risk, strategic risk and reputation risk. Management is responsible for the day-to-day management of risks the Company faces, while the Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, the Board of Directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed. To do this, the Chairman of the Board meets regularly with management to discuss strategy and the risks facing the Company. Senior management attends the Board meetings and is available to address any questions or concerns raised by the Board on risk management and any other matters. The Chairman of the Board and independent members of the Board work together to provide strong, independent oversight of the Company's management and affairs through its standing committees and, when necessary, special meetings of independent directors.

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The Board of Directors has adopted a corporate governance policy to govern certain activities, including: the duties and responsibilities of directors; the composition, responsibilities and operation of the Board of Directors and its committees; succession planning; convening executive sessions of independent directors; the Board of Directors interaction with management and third parties; and the evaluation of the performance of the Board of Directors and of the Chief Executive Officer.

Committees of the Board of Directors

The following table identifies the Company's standing committees and their members as of March 13, 2015. All members of each committee are independent in accordance with the listing requirements of The NASDAQ Stock Market. Each committee operates under a written charter that is approved by the Board of Directors that governs its composition, responsibilities and operation. Each committee reviews and reassesses the adequacy of its charter at least annually. The charters of all three committees are available in the Governance Documents portion of the Investor Relations section of the Company's Web site (www.mysifi.com).

Director	Audit and Risk	Compensation Committee	Nominating and
	Committee		Corporate Governance Committee
Mark D. Alliod	X*	X	X
Rheo A. Brouillard			
Roger Engle		X*	X
Donna M. Evan		X	X*
Michael R. Garvey	X		
Robert O. Gillard	X		
William R. Harvey		X	X
Henry P. Hinckley		X	X
Kevin M. McCarthy			
Kathleen A. Nealon	X		
Dennis Pollack			
Number of meetings in 2014	5	5	3

* Chairperson

Audit and Risk Committee. The Audit and Risk Committee meets periodically with the independent registered public accounting firm and management to review accounting, auditing, internal control structure and financial reporting matters. The committee also receives and reviews the reports and findings and other information presented to them by the Company's officers regarding financial reporting policies and practices. The Audit and Risk Committee selects the independent registered public accounting firm and meets with them to discuss the results of the annual audit and any related matters. The Board of Directors has determined that Mr. Alliod and Mr. Garvey are audit committee financial experts under the rules of the Securities and Exchange Commission. Mr. Alliod and Mr. Garvey are independent under the listing standards of The NASDAQ Stock Market applicable to audit committee members.

Compensation Committee. The Compensation Committee approves the compensation objectives for the Company and the Bank, establishes the compensation for the President and Chief Executive Officer and other executives and establishes personnel policies. The Compensation Committee reviews all components of compensation including base salary, bonus, equity compensation, benefits and other perquisites. In addition to reviewing competitive market values, the Compensation Committee also examines the total compensation mix, pay-for-performance relationship and how all elements, in the aggregate, comprise the executives' total compensation package. The Chief Executive Officer makes

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recommendations to the Compensation Committee from time to time regarding the appropriate mix and level of compensation for other officers. Those recommendations consider the objectives of the compensation philosophy and the range of compensation programs authorized by the Compensation Committee. Decisions by the Compensation Committee with respect to the compensation of executive officers are approved by the full Board of Directors. The Compensation Committee also assists the Board of Directors in evaluating potential candidates for executive positions.

Consistent with applicable Securities and Exchange Commission disclosure requirements, we have assessed our compensation programs and have concluded that our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company. The Compensation Committee assessed the Company's executive and broad-based compensation and benefits to determine if the programs' provisions and operations create undesired or unintentional risk of a material nature. This risk assessment process included: a review of program policies and practices; program analysis to identify risk and risk control related to the programs; and determinations as to the sufficiency of risk identification, the balance of potential risk to potential reward, risk control and the support of the programs and their risks to Company strategy. Although we reviewed all compensation programs, we focused on the programs with variability of payout, with the ability of a participant to directly affect payout and the controls on participant action and payout.

Based on the foregoing, we believe that our compensation policies and practices do not create inappropriate or unintended significant risk to the Company as a whole. We also believe that our incentive compensation arrangements: provide incentives that do not encourage risk-taking beyond the organization's ability to effectively identify and manage significant risks; are compatible with effective internal controls; and are supported by the oversight and administration of the Compensation Committee with regard to executive compensation programs.

The Compensation Committee, in conjunction with the Nominating and Corporate Governance Committee, considers the appropriate levels and form of director compensation and makes recommendations to the Board of Directors regarding director compensation.

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee takes a leadership role in shaping governance policies and practices, including recommending to the Board of Directors the corporate governance policies and guidelines applicable to SI Financial and monitoring compliance with these policies and guidelines. In addition, the Nominating and Corporate Governance Committee is responsible for identifying individuals qualified to become Board members and recommending to the Board the director nominees for election at the next annual meeting of stockholders. It recommends director candidates for each committee for appointment by the Board.

Minimum Qualifications. The Nominating and Corporate Governance Committee has adopted a set of criteria that it considers when it selects individuals to be nominated for election to the Board of Directors. A candidate must meet the eligibility requirements set forth in the Company's bylaws, which include an age limitation and a requirement that the candidate not have been subject to certain criminal or regulatory actions. A candidate also must meet any qualification requirements set forth in any Board or committee governing documents.

If the candidate is deemed eligible for election to the Board of Directors, the Nominating and Corporate Governance Committee will then evaluate the prospective nominee to determine if he or she possesses the following qualifications, qualities or skills:

contributions to the range of talent, skill and expertise appropriate for the Board;

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financial, regulatory and business experience, knowledge of the banking and financial service industries, familiarity with the operations of public companies and ability to read and understand financial statements;

familiarity with the Company's market area and participation in and ties to local businesses and local civic, charitable and religious organizations;

personal and professional integrity, honesty and reputation;

the ability to represent the best interests of the stockholders of the Company and the best interests of the institution;

the ability to devote sufficient time and energy to the performance of his or her duties;

independence under applicable Securities and Exchange Commission and listing definitions; and

current equity holdings in the Company.

The Committee will also consider any other factors it deems relevant, including age, size of the Board of Directors and regulatory disclosure obligations. Further, when identifying nominees to serve as director, the Nominating and Corporate Governance Committee considers its desire to maintain a Board that is strong in its collective knowledge and has a diversity of skills and experience with respect to accounting and finance, management and leadership, vision and strategy, business operations, business judgment, industry knowledge and corporate governance.

In addition, before nominating an existing director for re-election to the Board of Directors, the Nominating and Corporate Governance Committee will consider and review an existing director's Board and Committee attendance and performance; length of Board service; the experience, skills and contributions that the existing director brings to the Board; and independence.

Director Nomination Process. The Nominating and Corporate Governance Committee adheres to the following process when it identifies and evaluates individuals to be nominated for election to the Board of Directors:

For purposes of identifying nominees for the Board of Directors, the Nominating and Corporate Governance Committee relies on personal contacts of the Committee members and other members of the Board of Directors, as well as its knowledge of members of Savings Institute's local communities. The Nominating and Corporate Governance Committee will also consider director candidates recommended by stockholders in accordance with the policy and procedures set forth below. The Nominating and Corporate Governance Committee has not previously used an independent search firm in identifying nominees.

In evaluating potential nominees, the Nominating and Corporate Governance Committee determines whether the candidate is eligible and qualified for service on the Board of Directors by evaluating the candidate under the selection criteria set forth above. In addition, the Nominating and Corporate Governance Committee will conduct a check of the individual's background and interview the candidate.

Consideration of Recommendations by Stockholders. It is the policy of the Nominating and Corporate Governance Committee of the Board of Directors of the Company to consider director candidates recommended by stockholders who appear to be qualified to serve on the Company's Board of Directors. The Nominating and Corporate Governance Committee may choose not to consider an unsolicited recommendation if no vacancy exists on the Board of Directors and the Nominating and Corporate Governance Committee does not perceive a need to increase the size of the Board of Directors. To avoid the unnecessary use of the Nominating and Corporate Governance Committee's resources, the Nominating and Corporate Governance Committee will consider only those director candidates recommended in accordance with the procedures set forth below.

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Procedures to be Followed by Stockholders. To submit a recommendation of a director candidate to the Nominating and Corporate Governance Committee, a stockholder should submit the following information in writing, addressed to the Chairperson of the Nominating and Corporate Governance Committee, care of the Corporate Secretary, at the main office of the Company:

1. The name of the person recommended as a director candidate;
2. All information relating to such person that is required to be disclosed in solicitations of proxies for election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended;
3. The written consent of the person being recommended as a director candidate to being named in the proxy statement as a nominee and to serving as a director if elected;
4. As to the stockholder making the recommendation, the name and address, as they appear on the Company's books, of such stockholder; provided, however, that if the stockholder is not a registered holder of the Company's common stock, the stockholder should submit his or her name and address along with a current written statement from the record holder of the shares that reflects ownership of the Company's common stock; and
5. A statement disclosing whether such stockholder is acting with or on behalf of any other person and, if applicable, the identity of such person.

In order for a director candidate to be considered for nomination at the Company's annual meeting of stockholders, the recommendation must be received by the Nominating and Corporate Governance Committee at least 120 calendar days before the date the Company's proxy statement was released to stockholders in connection with the previous year's annual meeting, advanced by one year.

Directors Compensation

The following table provides the compensation received by individuals who served as non-employee directors of SI Financial during 2014. The table excludes perquisites, which did not exceed \$10,000 in the aggregate, for each director.

<i>Name</i>	<i>Fees</i>		<i>Option Awards</i>	<i>Non-Equity Incentive Plan Compensation</i>	<i>Nonqualified Deferred Compensation Earnings</i>	<i>All Other Compensation</i>	<i>Total</i>
	<i>Earned or Paid in Cash (\$)</i>	<i>Stock Awards (\$)(1)</i>					
Mark D. Alliod	\$ 33,400	\$	\$	\$ 2,100	\$ 3,127	\$ 303	\$ 38,930
Roger Engle	36,200			2,100		287	38,587
Donna M. Evan	33,800			2,100		298	36,198

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Michael R. Garvey	35,800	60,981	2,100		295	99,176
Robert O. Gillard	34,200		2,100	6,158	298	42,756
William R. Harvey	33,800		2,100			35,900
Henry P. Hinckley	48,200		2,100		478	50,778
Kevin M. McCarthy	34,600		2,100	276	405,639	442,615
Kathleen A. Nealon	31,800		2,100			33,900

(footnotes continue on following page)

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- (1) See footnote 1 to the directors and executive officers stock ownership table under Stock Ownership for the number of unvested shares of restricted stock and performance awards held in trust under the Equity Incentive Plans for each director at December 31, 2014.
- (2) Reflects the aggregate grant date fair value for the granting of 8,981 stock options, computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718, based on a value of \$6.79 per option. For information on the assumptions used to compute fair value, see note 11 to the consolidated financial statements. The actual value, if any, realized from any option will depend on the extent to which the market value of the common stock exceeds the exercise price of the option on the date the option is exercised. Accordingly, the value realized may not be at or near the value estimated above. As of December 31, 2014, Messrs. Alliod, Engle, Garvey, Gillard and Ms. Evan each held stock options to purchase 17,962 shares of SI Financial s common stock, and Mr. Hinckley held stock options to purchase 22,452 shares of SI Financial s common stock.
- (3) Represents the cash incentive earned by our directors in 2014 and distributed in 2015 under our 2014 Pay for Performance Plan. The Company performance criteria used to determine incentives for our directors was the same criteria used for our named executive officers and given the same weighting. *See Compensation Discussion and Analysis* for additional information on our 2014 Pay for Performance Plan.
- (4) Reflects the above market earnings on the deferred fee arrangements between Savings Institute and Messrs. Alliod, Gillard and McCarthy. Under the terms of the arrangements, Messrs. Alliod, Gillard and McCarthy defer a portion of their director fees.
- (5) Reflects dividends paid on unvested restricted stock awards for all directors except for Mr. McCarthy. Mr. McCarthy s payments reflect amounts paid under his consulting and non-competition agreements.

Cash Retainer and Meeting Fees for Non-Employee Directors. The following table sets forth the applicable retainers and fees to be paid to non-employee directors for their service on Savings Institute s and SI Financial s Board of Directors during 2014.

Quarterly Retainer (for service on SI Financial s Board of Directors)	\$ 3,000
Monthly Retainer (for service on Savings Institute s Board of Directors)	1,000
Monthly Retainer for Savings Institute s Chairman of the Board	2,000
Fee per Board or Committee Meeting	400

Board and Committee Meetings

During the year ended December 31, 2014, the Board of Directors of the Company and the Bank held 13 and 12 meetings, respectively. No director attended fewer than 75% of the meetings of the Board of Directors and Board committees on which they served in 2014.

Director Attendance at Annual Meeting of Stockholders

While the Company has no formal policy on director attendance at annual meetings of stockholders, directors are encouraged to attend. All but one of the directors attended the 2014 annual meeting of stockholders.

Code of Ethics and Business Conduct

SI Financial has adopted a Code of Ethics and Business Conduct that is designed to ensure that the Company s directors and employees meet the highest standards of ethical conduct. The Code of Ethics and Business Conduct,

which applies to all employees and directors, addresses conflicts of interest, the treatment of confidential information, general employee conduct and compliance with applicable laws, rules and regulations. In addition, the Code of Ethics and Business Conduct is designed to deter wrongdoing and promote honest and ethical conduct, the avoidance of conflicts of interest, full and accurate disclosure and compliance with all applicable laws, rules and regulations.

Audit-Related Matters

Audit and Risk Committee Report

The Company's management is responsible for the Company's internal control over financial reporting. The Company's independent registered public accounting firm is responsible for performing an

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independent audit of the Company's consolidated financial statements and issuing an opinion on the conformity of those financial statements with U.S. generally accepted accounting principles. The independent registered public accounting firm is also responsible for issuing an opinion on the Company's internal control over financial reporting based on criteria issued by the Committee on Sponsoring Organizations of the Treadway Commission. The Audit and Risk Committee oversees the Company's internal control over financial reporting on behalf of the Board of Directors.

In this context, the Audit and Risk Committee has met and held discussions with management and the independent registered public accounting firm. Management represented to the Audit and Risk Committee that the Company's consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles, and the Audit and Risk Committee has reviewed and discussed the consolidated financial statements with management and the Company's independent registered public accounting firm. The Audit and Risk Committee discussed with the independent registered public accounting firm the matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1 AU Section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T, including the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of the disclosures in the financial statements.

In addition, the Audit and Risk Committee has received the written disclosures and the letter from the independent registered public accounting firm required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit and Risk Committee concerning independence and has discussed with the independent registered public accounting firm the firm's independence from the Company and its management. In concluding that the independent registered public accounting firm is independent, the Audit and Risk Committee considered, among other factors, whether the non-audit services provided by the firm were compatible with its independence.

The Audit and Risk Committee discussed with the Company's independent registered public accounting firm the overall scope and plans for their audit. The Audit and Risk Committee meets with the independent registered public accounting firm, with and without management present, to discuss the results of their examination, their evaluation of the Company's internal control over financial reporting and the overall quality of the Company's financial reporting process.

In performing all of these functions, the Audit and Risk Committee acts only in an oversight capacity. In its oversight role, the Audit and Risk Committee relies on the work and assurances of the Company's management, which has the primary responsibility for financial statements and reports, and of the independent registered public accounting firm that, in its report, express an opinion on the conformity of the Company's financial statements with U.S. generally accepted accounting principles. The Audit and Risk Committee's oversight does not provide it with an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or policies, or appropriate internal control over financial reporting designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit and Risk Committee's considerations and discussions with management and the independent registered public accounting firm do not assure that the Company's financial statements are presented in accordance with U.S. generally accepted accounting principles, that the audit of the Company's financial statements has been carried out in accordance with the standards of the Public Company Accounting Oversight Board (United States) or that the Company's independent registered public accounting firm is independent.

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In reliance on the reviews and discussions referred to above, the Audit and Risk Committee recommended to the Board of Directors, and the Board has approved, that the audited consolidated financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2014 for filing with the Securities and Exchange Commission. The Audit and Risk Committee has appointed, subject to stockholder ratification, the selection of the Company's independent registered public accounting firm for the fiscal year ending December 31, 2015.

**Audit and Risk Committee of the Board of Directors
of SI Financial Group, Inc.**

Mark D. Alliod Chairperson

Michael R. Garvey

Robert O. Gillard

Kathleen A. Nealon

Audit Fees. The following table sets forth the fees billed to the Company for the years ended December 31, 2014 and 2013 by Wolf & Company, P.C.:

	2014	2013
Audit Fees	\$ 248,436	\$ 243,776
Audit-Related Fees(1)	33,470	34,348
Tax Fees(2)	43,145	56,500
All Other Fees(3)		69,830

- (1) Represents fees for audits of the 401(k) Plan and the ESOP.
- (2) Represents services rendered for tax compliance, tax advice and tax planning, including the preparation of the annual tax returns and quarterly tax payments. Also, for 2013, includes the final tax return preparation for Newport Bancorp, Inc.
- (3) For 2013, represents services rendered in connection with the acquisition of Newport Bancorp, Inc. and related filings on Form S-4.

Policy on Audit and Risk Committee Pre-Approval of Audit and Permissible Non-Audit Services by the Independent Registered Public Accounting Firm. The Audit and Risk Committee is responsible for appointing, setting compensation and overseeing the work of the independent registered public accounting firm. In accordance with its charter, the Audit and Risk Committee approves, in advance, all audit and permissible non-audit services to be performed by the independent registered public accounting firm. Such approval process ensures that the independent registered public accounting firm does not provide any non-audit services to the Company that are prohibited by law or regulation.

In addition, the Audit and Risk Committee has established a policy regarding pre-approval of all audit and permissible non-audit services provided by the independent registered public accounting firm. Requests for services by the independent registered public accounting firm for compliance with the auditor services policy must be specific as to the particular services to be provided.

The request may be made with respect to either specific services or a type of service for predictable or recurring services.

During the year ended December 31, 2014, all services were approved, in advance, by the Audit and Risk Committee in compliance with these procedures.

Table of Contents**Stock Ownership**

The following table provides information as of March 13, 2015 with respect to persons and entities known to the Company to be the beneficial owner of more than 5% of the Company's outstanding common stock. A person or entity may be considered to beneficially own any shares of common stock over which the person or entity has, directly or indirectly, sole or shared voting or investing power.

Name and Address	Number of Shares Owned	Percent of Common Stock Outstanding
Wellington Management Group, LLP 280 Congress Street Boston, Massachusetts 02210	1,248,161 ⁽¹⁾	9.76%
Thomson Horstmann & Bryant Inc. 501 Merritt 7 Norwalk, Connecticut 06851	1,056,528 ⁽²⁾	8.26%
EJF Capital LLC Emanuel J. Friedman EJF Financial Services Fund, LP EJF Financial Services GP, LLC 2107 Wilson Boulevard, Suite 410 Arlington, Virginia 22201	887,051 ⁽³⁾	6.94%
Savings Institute Bank & Trust Company Employee Stock Ownership Plan 803 Main Street Willimantic, Connecticut 06226	751,350 ⁽⁴⁾	5.88%

(1) Based on information contained in a Schedule 13G/A filed with the U.S. Securities and Exchange Commission on February 12, 2015.

(2) Based on information contained in a Schedule 13G/A filed with the U.S. Securities and Exchange Commission on January 22, 2015.

- (3) Based on information contained in a Schedule 13G/A filed with the U.S. Securities and Exchange Commission on February 17, 2015.
- (4) Based on information contained in a Schedule 13G/A filed with the U.S. Securities and Exchange Commission on February 6, 2015.

The following table provides information as of March 13, 2015 about the shares of SI Financial common stock that may be considered to be owned by each director, each executive officer named in the Summary Compensation Table and by all directors and executive officers of the Company as a group. A person may be considered to own any shares of common stock over which he or she has, directly or indirectly, sole or shared voting or investment power. Unless otherwise indicated, each of the named individuals has sole voting and investment power with respect to the shares shown. The number of shares beneficially owned by all directors and executive officers as a group totaled 6.30% of our outstanding common stock as of March 13, 2015. Each director and named executive officer owned less than 1.0% of our outstanding common stock as of that date, except for Mr. Brouillard, who owned 1.75% of our common stock.

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Name	Number of Shares Owned (1)	Number of Shares That May Be Acquired Within 60 Days By Exercising Options	
			Total
<i>Directors</i>			
Mark D. Alliod	12,792 ⁽²⁾	17,962	30,754
Rheo A. Brouillard	98,613 ⁽³⁾	126,791	225,404
Roger Engle	19,978 ⁽⁴⁾	17,962	37,940
Donna M. Evan	21,961	17,962	39,923
Michael R. Garvey	9,903	10,778	20,681
Robert O. Gillard	24,140 ⁽⁵⁾	17,962	42,102
William R. Harvey	18,173		18,173
Henry P. Hinckley	20,892	22,452	43,344
Kevin M. McCarthy	78,243		78,243
Kathleen A. Nealon	6,281		6,281
Dennis Pollack	3,930		3,930
<i>Named Executive Officers Who Are Not Also Directors</i>			
Laurie L. Gervais	50,989 ⁽⁶⁾	44,739	95,728
Brian J. Hull	83,807 ⁽⁷⁾	22,898	106,705
Paul R. Little	12,680	8,600	21,280
Lauren L. Murphy	21,601	19,580	41,181
All Directors and Executive Officers as a group (16 persons)	490,517	335,686	826,203

(1) This column includes the following:

	Unvested Shares of Restricted Stock and Performance Awards Held in Trust	Allocated Shares Held in ESOP Trust	Shares Held in Trust in 401(k) Plan
Mr. Alliod	1,687		
Mr. Brouillard	22,498	9,294	17,149
Mr. Engle	1,687		
Ms. Evan	1,687		
Mr. Garvey	1,687		
Mr. Gillard	1,687		
Mr. Harvey			
Mr. Hinckley	2,812		
Mr. McCarthy			
Ms. Nealon			
Mr. Pollack			
Ms. Gervais	11,249	5,646	19,152

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Mr. Hull	14,062	8,622	17,970
Mr. Little	6,559	2,781	
Ms. Murphy	8,437	4,924	2,291

- (2) Includes 1,212 shares held by Mr. Alliod's daughter, 250 shares held by the individual retirement account of Mr. Alliod's daughter and 2,229 shares held by the individual retirement account of Mr. Alliod's spouse.
- (3) Includes 898 shares held by Mr. Brouillard's spouse and 2,659 shares held by the individual retirement account of Mr. Brouillard's spouse.
- (4) Includes 22 shares and 43 shares held in a custodian account for Mr. Engle's two children, under which Mr. Engle's spouse has voting and investment power.
- (5) Includes 3,959 shares held by the individual retirement account of Mr. Gillard's spouse.
- (6) Includes 449 shares held in custodian accounts for each of Ms. Gervais' two children.
- (7) Includes an aggregate of 898 shares held in custodian accounts for Mr. Hull's children.

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Items to be Voted on by Stockholders

Item 1 Election of Directors

The Company's Board of Directors consists of eleven members. However, due to the age limitation provision, Henry P. Hinckley will retire at the annual meeting. The Board is divided into three classes with three-year staggered terms, with approximately one-third of the directors elected each year. The Board of Directors' nominees for election this year, to serve for a three-year term or until their respective successors have been elected and qualified, are Donna M. Evan, William R. Harvey and Dennis Pollack.

It is intended that the proxies solicited by the Board of Directors will be voted for the election of the nominees named above. If any of the nominees is unable to serve, the persons named in the proxy card will vote your shares to approve the election of any substitute nominee proposed by the Board of Directors. At this time, the Board of Directors knows of no reason why any of the nominees might be unable to serve.

The Board of Directors recommends a vote FOR the election of all of the nominees.

Information regarding the nominees and the directors continuing in office is provided below. Unless otherwise stated, each individual has held his or her current occupation for the last five years. The age indicated in each individual's biography is as of December 31, 2014. There are no family relationships among the directors or executive officers. The indicated period for service as a director includes service as a director of Savings Institute.

Board Nominees for Terms Ending in 2018

Donna M. Evan is a Sales Manager for WILI AM/FM, a commercial radio station located in Willimantic, Connecticut. Her responsibilities include working with local and regional businesses to market products and services, soliciting business from local and regional businesses and communicating with advertising agencies to coordinate advertising for national clients. Age 66. Director since 1996.

Ms. Evan brings significant business and management level experience from a setting outside of the financial services industry. In addition, through her business experience, Ms. Evan has gained significant marketing knowledge and valuable insight into current buying trends and the local economic environment, adding additional value to the Board.

William R. Harvey is an attorney and partner in the law firm Harvey, Carr & Hadfield. Mr. Harvey was a director of Newport Bancorp, Inc. and its wholly-owned subsidiary, Newport Federal Savings Bank (Newport Federal), from 1987 until it merged into Savings Institute in September 2013. Age 68. Director since 2013.

Mr. Harvey's extensive legal career, make his contributions to the Board in the areas of leadership, consensus building, corporate governance and litigation oversight very important. Mr. Harvey also provides the Board with knowledge of our new Rhode Island market.

Dennis Pollack has held numerous executive positions, including Divisional President at Sony Corporation of America, President and CEO of the Connecticut Bank of Commerce, President and CEO of The Savings Bank of Rockland County, Chief Operating Officer at Paulson & Company, a multi-billion dollar hedge fund, and President and CEO of Pegasus Funding Group. Mr. Pollack served as a member of the Board of Directors of TF Financial Corp. until its sale to National Penn Bancshares, Inc. in October 2014 and currently serves as a member of the Boards of Directors of Presilient, LLC and Prudential Bancorp, Inc. Mr. Pollack has authored numerous articles on the state of banking which appeared in *Bottomline Magazine* and *The Bankers Magazine*. Pursuant to the terms of the Agreement

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dated February 25, 2015, between the Company and Lawrence B. Seidman and various affiliates of Mr. Seidman, the Company agreed to appoint Mr. Pollack to the Board of Directors. Age 64. Director since 2015.

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Mr. Pollack's substantial experience as President, CEO and director of community banking organizations, in-depth knowledge of community bank lending, and additional management and Board experience involving the oversight of private and non-profit organizations provides the Company with valuable and relevant expertise as a director.

Directors with Terms Ending in 2016

Rheo A. Brouillard has been the President and Chief Executive Officer of Savings Institute and SI Financial since 1995 and 2004, respectively. Age 60. Director since 1995.

Mr. Brouillard's extensive experience in the local banking industry and involvement in business and civic organizations in the communities in which Savings Institute serves affords the Board valuable insight regarding the business and operations of Savings Institute. Mr. Brouillard's knowledge of SI Financial's and Savings Institute's business and history, position him well to continue to serve as President and Chief Executive Officer.

Roger Engle was the President of The Crystal Water Company, a water supplier located in Danielson, Connecticut, from 1973 until his retirement in 2000. Mr. Engle served as the First Selectman for the town of Brooklyn, Connecticut from November 2005 until November 2009. As First Selectman, Mr. Engle oversaw all functions of the town, including the budgeting process, issuance of bonds and maintenance of public infrastructure. He was also a director of Connecticut Water Service, Inc. (NASDAQ: CTWS), which delivers water to customers throughout 42 towns in Connecticut and Massachusetts, from 2000 to 2005. Age 76. Director since 1998.

Mr. Engle's experience as President of The Crystal Water Company and First Selectman provides the Board valuable management level experience, including insight into the budget process. In addition, Mr. Engle's continued involvement in community organizations and local political matters is a vital component of a well-rounded board.

Kevin M. McCarthy joined Newport Federal in 1989 and was the President and Chief Executive Officer of Newport Federal before it merged into Savings Institute in September 2013. Mr. McCarthy served as Vice President, Director of Policy and Supervision at the Federal Home Loan Bank of Boston from 1977 to 1989 and was a savings and loan examiner with the Federal Home Loan Bank Board from 1973 to 1977. Mr. McCarthy served on the Board of the Federal Home Loan Bank of Boston from 2004 to 2012 and the Community Bank Council of the American Bankers Association from 2008 to 2013. Mr. McCarthy was a director of Newport Bancorp, Inc. and its wholly-owned subsidiary, Newport Federal, from 1993 until it merged into Savings Institute in September 2013. Age 67. Director since 2013.

Mr. McCarthy's insight into the historical operations of Newport Federal and his extensive experience in the Rhode Island banking industry affords the Board valuable insight.

Directors with Terms Ending in 2017

Mark D. Alliod is the President and sole owner of Mark D. Alliod CPA PC, a public accounting firm in South Windsor, Connecticut. Age 51. Director since 2005.

Mr. Alliod provides expertise with regard to tax, financial and accounting matters. Also, as owner of an accounting firm, Mr. Alliod brings small business knowledge and management experience. He has the background to qualify as SI Financial's audit committee financial expert.

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Michael R. Garvey became the principal and owner of the public accounting firm of Garvey, Steele & Company, LLP, which provides audit and tax services throughout Connecticut, on January 1, 2015. Previously, he was the principal and owner of Garvey & Associates, LLC. As a principal of an accounting firm, Mr. Garvey is responsible for monitoring the firm's risk management, strategic plan and overall firm operations. Mr. Garvey is also a principal and owner of Professional Payrolls, LLC, which provides payroll processing services to small, local businesses in New London, Connecticut. Age 50. Director since 2007.

Mr. Garvey is a certified public accountant and has the financial background and expertise in financial accounting, auditing and tax matters to qualify as an audit committee financial expert. In addition, Mr. Garvey possesses substantial small company management experience as the owner of Professional Payrolls, LLC.

Robert O. Gillard is the Chairman and owner of the O.L. Willard Company, Inc., a material supply company with locations in Storrs and Willimantic, Connecticut. Age 68. Director since 1999.

Mr. Gillard's career as a small business executive provides SI Financial with organizational understanding and expertise. Further, through his business, Mr. Gillard has gained comprehensive knowledge of the homebuilding industry throughout Eastern Connecticut, which aids the Board in its oversight of the lending function. In addition, as an active member of the community, including being a member of the Design Review subcommittee of the Mansfield Planning Board and his previous service on the Greater Windham Community Foundation, Mr. Gillard is knowledgeable of the local consumer environment.

Kathleen A. Nealon, a certified public accountant, is the Chief Financial Officer of the Professional Planning Group, a Westerly, Rhode Island-based company that provides an array of financial planning services. Ms. Nealon was a director of Newport Bancorp, Inc. and its wholly-owned subsidiary, Newport Federal, from 2005 until it merged into Savings Institute in September 2013. Before serving as a director with Newport Federal, Ms. Nealon was a director of Westerly Savings Bank from 2004 until it merged with Newport Federal in 2005. Age 62. Director since 2013.

Ms. Nealon brings financial, accounting and management expertise to the Board. Ms. Nealon also provides the Board with knowledge of our new Rhode Island market.

Item 2 Ratification of the Independent Registered Public Accounting Firm

The Audit and Risk Committee of the Board of Directors has appointed Wolf & Company, P.C. to be the Company's independent registered public accounting firm for the fiscal year ended December 31, 2015, subject to ratification by stockholders. A representative of Wolf & Company, P.C. is expected to be present at the annual meeting to respond to appropriate questions from stockholders and will have the opportunity to make a statement should he or she desire to do so.

If the ratification of the appointment of the independent registered public accounting firm is not approved by a majority of the votes cast, the Audit and Risk Committee of the Board of Directors may consider other independent registered public accounting firms.

The Board of Directors recommends a vote FOR the ratification of the appointment of the independent registered public accounting firm.

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Item 3 Advisory Vote to Approve the Compensation of the Company's Named Executive Officers

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") requires, among other things, that the Company permit a non-binding advisory vote on the compensation of its named executive officers, as described in the tabular disclosure regarding named executive officer compensation and the accompanying narrative disclosure in this proxy statement.

The proposal, commonly known as a "say-on-pay" proposal, gives the Company's stockholders the opportunity to endorse or not endorse the Company's executive compensation program and policies through the following resolution:

Resolved, that the Company's stockholders approve the compensation paid to the Company's named executive officers, as described in the Compensation Discussion and Analysis, compensation tables and narrative disclosure in this proxy statement.

Because the vote is advisory, it will not be binding upon the Company or its Board of Directors. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements. We urge stockholders to read the Compensation Discussion and Analysis beginning on page 18 of this proxy statement and related compensation tables and narrative beginning on page 26, which provide detailed information on our compensation policies and practices for our named executive officers.

The Board of Directors recommends a vote FOR approval of the compensation of the named executive officers.

Compensation Committee Report

The Compensation Committee has reviewed the Compensation Discussion and Analysis that is required by the rules established by the Securities and Exchange Commission. Based on such review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement. See *Compensation Discussion and Analysis*.

Compensation Committee of the Board of Directors

of SI Financial Group, Inc.

Roger Engle Chairperson

Mark D. Alliod

Donna M. Evan

William R. Harvey

Henry P. Hinckley

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Compensation Discussion and Analysis

Overview

The following discussion describes our decision making process and philosophy for compensating our named executive officers in 2014. This discussion also describes the material components of each named executive officer's total compensation package and details the reasoning behind the compensation decisions made in 2014. This discussion should be read together with the compensation tables for our named executive officers that can be found in the *Executive Compensation* section of this proxy statement.

Our 2014 named executive officers were Rheo Brouillard *President/Chief Executive Officer*, Brian Hull *Executive Vice President, Chief Operating Officer/Chief Financial Officer and Treasurer*, Laurie Gervais *Senior Vice President, Director of Human Resources/Security Officer and Corporate Secretary*, Paul Little, *Senior Vice President, Chief Lending Officer* and Lauren Murphy, *Senior Vice President and Principal Accounting Officer*. Mr. Hull announced that he will retire from the Bank and the Company on April 10, 2015 at which point Ms. Gervais will become Chief Administrative Officer and Ms. Murphy will become Chief Financial Officer.

Executive Summary

The Compensation Committee provides our named executive officers with a market competitive compensation package that promotes the achievement of our strategic objectives and maximizes stockholder value without encouraging excessive risk taking.

As required by the Dodd-Frank Wall Street Reform and Consumer Protection Act, we held an advisory vote on the approval of the compensation of our named executive officers (*Say-on-Pay*) at our 2014 annual meeting. The results were that 96.8% of our shareholders who voted on the *Say-on-Pay* proposal voted in favor of it. The Compensation Committee considered this positive result as an affirmation of its compensation related policies and decisions.

Fiscal Year 2014 Performance

The Company was very successful in integrating the operations of Newport Bancorp, Inc., which was acquired in September 2013. Our first full year with the larger franchise, coupled with redoubled focus on commercial loan originations, led to growth in commercial loans, which, in turn, spurred record earnings. These earnings, along with strategic stock repurchases, led to a \$0.41 increase in our book value per share for the year.

In addition, 2014 was notable as we:

Continued the trend of strengthened asset quality with non-performing loans decreasing to 0.48% of total loans at December 31, 2014 compared to 0.66% of total loans at December 31, 2013;

Realized another year of improved net interest margin, which increased from 2.93% for the year ended December 31, 2013 to 3.11% for the year ended December 31, 2014, including a net interest margin of 3.14% for the fourth quarter of 2014; and

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Lowered operating expenses as evidenced by a decrease in the efficiency ratio from 96.1% for the year ended December 31, 2013 to 84.1% for the year ended December 31, 2014.

Fiscal 2014 Compensation Decisions

We believe our 2014 executive compensation program for our named executive officers was consistent with the objectives of our compensation philosophy and with our performance. The compensation actions taken by our Compensation Committee and our Board of Directors are summarized below.

Executive Agreements. In connection with performance reviews for our named executive officers: (1) the Bank and Company extended the term of Messrs. Brouillard and Hull's employment agreement through December 31, 2017; and (2) the Bank extended the term of the change in control agreements with Ms. Gervais and Mr. Little through December 31, 2017 and Ms. Murphy through December 31, 2016. Mr. Hull's employment agreement will terminate in connection with his retirement from the Bank and the Company on April 10, 2015. We believe our current management team positions the Company for continued growth and success and the employment and change in control agreements provide our named executive officers with financial security and the Company with management stability.

Short-Term Incentive Plan. As a result of our financial performance in 2014 our named executive officers earned cash incentives under our *2014 Pay for Performance Plan* (*2014 PFP*). See *Short-term Cash-Based Incentive Compensation* for detailed information on our 2014 PFP. See also *Executive Compensation Summary Compensation Table* for the incentives earned by our named executive officers for 2014.

Compensation Philosophy

Our compensation and benefits program for our named executive officers focuses on motivating and retaining our talented management team. More specifically, our program is designed to accomplish the following objectives:

Align the interests of our named executive officers with the interests of stockholders;

Tie annual cash incentives to the achievement of measurable corporate and individual performance;

Reward executives for enhancing long-term stockholder value;

Balance rewards for the achievement of both short-term and long-term SI Financial objectives and ensure sound risk management; and

Encourage ownership of SI Financial common stock.

The Compensation Committee has created a compensation program for our named executive officers that holds our executives accountable for Company performance and rewards for delivering superior performance and enhanced stockholder returns.

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Elements of Our Compensation and Benefits Program

To achieve our objectives we have structured a compensation and benefits program that provides our named executive officers with the following:

Competitive Base Pay;

Short-Term Cash-Based Incentives;

Long-term Equity Incentives;

Retirement Benefits; and

Employment/Change in Control Agreements.

The elements of a named executive officer's total compensation package will vary depending upon the executive's job position and responsibilities with SI Financial and Savings Institute.

Role of Compensation Committee

The Compensation Committee reviews all of the elements of compensation for our named executive officers annually giving due consideration to prevailing market practice, our overall compensation philosophy and the costs associated with the arrangements. The Compensation Committee operates under a written charter that establishes its responsibilities. The Compensation Committee and Board of Directors review the charter annually to ensure the scope of the charter is consistent with the Compensation Committee's role. Under the charter, the Compensation Committee is charged with general responsibility for the oversight and administration of our compensation program. The charter also authorizes the Compensation Committee to engage consultants and other professionals without management approval to the extent deemed necessary to discharge its responsibilities.

Role of Management

Management provides data, analyses, input and recommendations to the Compensation Committee through our Chief Executive Officer and Director of Human Resources. The Compensation Committee considers our Chief Executive Officer's evaluation of each named executive officer's performance and recommendation of appropriate compensation. However, our Chief Executive Officer does not participate in any decisions relating to his own compensation. Our Director of Human Resources also assists the Compensation Committee, providing support to the Compensation Committee Chairman as requested.

Role of Compensation Consultant

The Compensation Committee did not engage a compensation consultant in 2014; however, the Compensation Committee considered the information provided in the *2012 McLagan Executive Compensation Review* (along with salary and bonus peer data gathered by the Director of Human Resources from the *SNL Financial Compensation*

Review for Banks and Thrifts) when making its compensation decisions in 2014. The *2012 McLagan Executive Compensation Review* included, but was not limited to, an assessment of the Company's compensation program compared to its peers, recommendations for total cash compensation opportunities (base salary and cash incentives), an assessment of perquisites, retirement benefits and bonuses for named executive officers, an assessment of the Company's financial performance relative to its peers, a review of board and committee compensation and equity compensation. See *Peer Group* for information on the peer group the Company used in making compensation decisions for its named executive officers in 2014.

Table of Contents**Peer Group**

The Compensation Committee considers information about the practices of its peers and other comparable companies, as well as evolving market practices, when it makes compensation decisions. The Compensation Committee considers the compensation levels and arrangements of similarly situated executives, in addition to other factors, in connection with its decision making process. Duties, responsibilities and tenure with the Company also are weighed by the Committee. The foundation of the peer group noted below was developed by *McLagan* in 2012 using objective parameters that reflect banks of similar asset sizes at the time the peer group was developed. In 2014, the Director of Human Resources presented an updated peer group to the Compensation Committee, which reflected the Company's 2014 demographics and also removed companies from the peer group that were acquired between 2012 and 2014. This new peer group was approved by the Compensation Committee as presented.

Name	Location/State	Asset Size
First Connecticut Bancorp, Inc.	Connecticut	\$ 2,484,352
Enterprise Bancorp, Inc.	Massachusetts	2,022,228
BlueHills Bancorp, Inc.	Massachusetts	1,728,148
Merchants Bancshares, Inc.	Vermont	1,723,465
Hingham Institution for Savings	Massachusetts	1,552,205
Chemung Financial Corp	New York	1,517,011
New Hampshire Thrift Bancshares	Massachusetts	1,503,786
BCB Bancorp	Massachusetts	1,335,717
Westfield Financial, Inc.	Massachusetts	1,320,096
Clifton Bancorp Inc.	New Jersey	1,198,171
Bankwell Financial Group	Connecticut	1,099,531
Cape Bancorp, Inc.	New Jersey	1,079,894
Ocean Shore Holding Co.	New Jersey	1,024,754
Salisbury Bancorp, Inc.	Connecticut	855,427
Evans Bancorp	New York	846,809
Oneida Financial Corp.	New York	798,169
Hampden Bancorp, Inc.	Massachusetts	711,101
Radius Bancorp, Inc.	Massachusetts	699,799
Chicopee Bancorp, Inc.	Massachusetts	639,222
Patriot National Bancorp, Inc.	Connecticut	624,255

Base Salary

Our goal is to provide our executive officers with base salaries that are competitive, reflect their tenure and individual experience and are consistent with their individual performance. The Compensation Committee has established base salary ranges for each named executive officer using the median base salaries paid to similarly situated executives in our peer group as a target. Generally, base salaries are reviewed on an annual basis in connection with each named executive officer's performance review. The base salary increases provided to our named executive officers in 2014 were in line with prior practice. See *Executive Compensation Summary Compensation Table* for the base salaries paid to our named executive officers in 2014.

Table of Contents**Short-Term Cash-Based Incentive Compensation**

A major element of our compensation philosophy is to tie annual cash incentives to the achievement of measurable corporate and individual performance. Our annual Pay-for-Performance Program (PFP) provides a vehicle to reward participants for superior company and individual performance. During 2014, each of our named executive officers was eligible to participate in the PFP. The Compensation Committee, in conjunction with the Asset Liability Committee, established the performance goals for each of our named executive officers under the 2014 PFP. The performance measures for the 2014 PFP were the same as the 2013 PFP: (1) return on average assets; (2) non-interest expense; and (3) earnings per share. Each performance measure was assigned a specific weighting: return on average assets (30%), noninterest expense (30%) and earnings per share (40%). The 2014 PFP incentive pay opportunities for our Chief Executive Officer were 25% of median of job grade at the threshold level, 37.5% at the target and 50% at the maximum level. For our other named executive officers, the opportunities were 20% of median of job grade at the threshold level, 30% at the target level and 40% at the maximum level. All payouts made under the 2014 PFP were based on a percentage of base salary at the midpoint for each named executive officer.

Based on our performance in 2014, the Compensation Committee determined that two of the three performance goals in the 2014 PFP were achieved, and each participant earned a cash incentive in 2014 that was distributed during the first quarter of 2015.

The following charts set forth the 2014 PFP performance goals for each of our named executive officers and the incentives earned under the 2014 PFP.

Rheo A. Brouillard

Bank Measure	Weight	Performance Goals			Actual Achievement	
		Threshold	Target	Maximum	Actual Performance	Actual Payout
Return on Average Assets	30.0%	34.2 bp	38.0 bp	41.8 bp	34.5 bp	\$ 31,335
Noninterest Expenses	30.0	\$ 45,880	\$ 41,709	\$ 37,538	\$ 41,302	47,003
Earnings Per Share	40.0	\$ 0.36	\$ 0.41	\$ 0.46	\$ 0.35	
Total	100.0%					\$ 78,338

Brian J. Hull

Bank Measure	Weight	Performance Goals			Actual Achievement	
		Threshold	Target	Maximum	Actual Performance	Actual Payout
Return on Average Assets	30.0%	34.2 bp	38.0 bp	41.8 bp	34.5 bp	\$ 15,134
Noninterest Expenses	30.0	\$ 45,880	\$ 41,709	\$ 37,538	\$ 41,302	22,700
Earnings Per Share	40.0	\$ 0.36	\$ 0.41	\$ 0.46	\$ 0.35	
Total	100.0%					\$ 37,834

Paul Little

Bank Measure	Weight	Performance Goals			Actual Achievement	
		Threshold	Target	Maximum	Actual Performance	Actual Payout
Return on Average Assets	30.0%	34.2 bp	38.0 bp	41.8 bp	34.5 bp	\$ 12,611
Noninterest Expenses	30.0	\$ 45,880	\$ 41,709	\$ 37,538	\$ 41,302	18,917
Earnings Per Share	40.0	\$ 0.36	\$ 0.41	\$ 0.46	\$ 0.35	
Total	100.0%					\$ 31,528

Table of Contents**Laurie Gervais**

Bank Measure	Weight	Performance Goals			Actual Achievement	
		Threshold	Target	Maximum	Actual Performance	Actual Payout
Return on Average Assets	30.0%	34.2 bp	38.0 bp	41.8 bp	34.5 bp	\$ 11,260
Noninterest Expenses	30.0	\$ 45,880	\$ 41,709	\$ 37,538	\$ 41,302	16,890
Earnings Per Share	40.0	\$ 0.36	\$ 0.41	\$ 0.46	\$ 0.35	
Total	100.0%					\$ 28,150

Lauren Murphy

Bank Measure	Weight	Performance Goals			Actual Achievement	
		Threshold	Target	Maximum	Actual Performance	Actual Payout
Return on Average Assets	30.0%	34.2 bp	38.0 bp	41.8 bp	34.5 bp	\$ 10,054
Noninterest Expenses	30.0	\$ 45,880	\$ 41,709	\$ 37,538	\$ 41,302	15,080
Earnings Per Share	40.0	\$ 0.36	\$ 0.41	\$ 0.46	\$ 0.35	
Total	100.0%					\$ 25,134

Long-Term Equity Incentives

Our named executive officers currently participate in our 2005 Equity Incentive Plan and the 2012 Equity Incentive Plan. The Compensation Committee has developed a long-term incentive program that utilizes our equity incentive plans to align the interests of our named executive officers with our stockholders and focuses our executives on long-term sustained performance through the grant of stock options, restricted stock and performance awards. Equity Awards granted under our 2012 Equity Incentive Plan to our named executive officers continue to vest in accordance with the terms of the respective agreements. See *Executive Compensation Outstanding Equity Awards at Fiscal Year End*. The Compensation Committee made no new awards to our named executive officers in 2014; however our named executive officers, with the exception of Mr. Hull, continue to vest in their outstanding equity awards. All of Mr. Hull's outstanding unvested equity awards will be forfeited in connection with his retirement.

Stock Compensation Grant and Award Practices; Timing Issues

The Compensation Committee considers whether to make stock option grants and/or award other forms of equity on an annual basis based on the shares available under the Company's Equity Incentive Plans. The Compensation Committee's process with respect to determining grant dates or stock option exercise prices is made after carefully considering the timing of earnings releases and/or other material non-pub