

H.431

An act relating to miscellaneous adjustments to the public retirement systems

The Senate proposes to the House to amend the bill as follows:

First: By adding a Sec. 4a to read:

Sec. 4a. 3 V.S.A. § 473(c)(4) is amended to read:

~~(4)(A)~~ Until the unfunded accrued liability, ~~excluding the portion described in subdivision (B) of this subdivision (4)~~, is liquidated, the basic accrued liability contribution shall be the annual payment required to liquidate the unfunded accrued liability over a period of 30 years from July 1, ~~1988~~ 2008, provided that the amount of each annual basic accrued liability contribution after June 30, ~~1988~~ 2009 shall be five percent greater than the preceding annual basic accrued liability contribution. Any variation in the contribution of normal, basic, unfunded accrued liability or additional unfunded accrued liability contributions from those recommended by the actuary and any actuarial gains and losses shall be added or subtracted to the unfunded accrued liability and amortized over the remainder of the 30-year period.

~~(B) Until the additional unfunded accrued liability created as of July 1, 2008, by the implementation of a group F cost of living adjustment equal to the full increase or decrease, to the nearest one-tenth of a percent of~~

~~the Consumer Price Index for the preceding fiscal year as provided in subsection 470(b) of this title, is liquidated, the additional accrued liability contribution, shall be the annual payment required to liquidate the additional unfunded accrued liability over a period of 30 years from July 1, 2008, provided that the amount of each annual additional accrued liability contribution made after June 30, 2009 shall be five percent greater than the preceding annual additional accrued liability contribution.~~

Second: By adding a Sec. 4b to read:

Sec. 4b. 3 V.S.A. § 479a is amended to read:

§ 479A. STATE EMPLOYEES' POSTEMPLOYMENT BENEFITS

PENSION TRUST FUND

(a) ~~An irrevocable~~ A "state employees' postemployment benefits ~~pension~~ trust fund" is hereby created for the purpose of accumulating and providing reserves to support retiree postemployment benefits for members, and to make distributions from the fund for current and future postemployment benefits for retirees, of the Vermont state employees' retirement system, excluding pensions and benefits otherwise appropriated by statute and for the payment of reasonable and proper expenses of administering the fund and related benefit plans. The fund shall not be part of the retirement system, but is intended to comply with and be a tax exempt governmental trust under section 115 of the Internal Revenue Code of 1986, as amended.

(b) Into the state employees' postemployment benefits ~~pension~~ trust fund shall be deposited:

(1) All assets remitted to the state as a subsidy on behalf of the members of the Vermont state employees' retirement system for employer-sponsored qualified prescription drug plans pursuant to the Medicare Prescription Drug Improvement and Modernization Act of 2003.

(2) Any appropriations by the general assembly ~~to pay toward~~ for the purposes of paying current and future retiree postemployment benefits for members of the Vermont state employees' retirement system.

(3) Amounts contributed or otherwise made available by members of the system or their beneficiaries for the purpose of paying current or future postemployment benefits costs.

(c) The state employees' postemployment benefits ~~pension~~ trust fund shall be administered by the state treasurer. The treasurer may invest monies in the state employees' postemployment benefits ~~pension~~ trust fund in accordance with the provisions of section 434 of Title 32. All balances in the state employees' postemployment benefits ~~pension~~ trust fund at the end of the fiscal year shall be carried forward. Interest earned shall remain in the state employees' postemployment benefits ~~pension~~ trust fund. The treasurer's annual financial report to the governor and the general assembly shall contain

an accounting of receipts, disbursements, and earnings of the state employees' postemployment benefits ~~pension~~ trust fund.

(d) All funds of the state employees' postemployment benefits trust fund shall be held in one or more trusts, custodial accounts treated as trusts, or a combination thereof. Contributions to the fund shall be irrevocable and it shall be impossible at any time prior to the satisfaction of all liabilities, with respect to employees and their beneficiaries, for any part of the corpus or income of the fund to be used for, or diverted to, purposes other than the payment of retiree postemployment benefits to members and their beneficiaries and reasonable expenses of administering the fund and related benefit plans.

Third: By adding a Sec. 6a to read:

Sec. 6a. 16 V.S.A. § 1944(c)(4) is amended to read:

(4) Until the unfunded accrued liability is liquidated, the accrued liability contribution shall be the annual payment required to liquidate the unfunded accrued liability over a period of 30 years from July 1, ~~2006~~ 2008, provided that the amount of each annual accrued liability contribution after June 30, ~~2006~~ 2009 shall be five percent greater than the preceding annual accrued liability contribution. Any variation in the contribution of normal or unfunded accrued liability contributions from those recommended by the actuary and any actuarial gains and losses shall be added or subtracted to the

unfunded accrued liability and amortized over the remainder of the 30-year period.

Fourth: By adding a Sec. 12a to read:

Sec. 12a. 24 V.S.A. § 5064(c)(4) is amended to read:

(4) For each actuarial valuation completed on or after July 1, 2009, the accrued liability contribution rate shall be computed for each membership group based on the actuarial assumptions and methodology adopted by the retirement board as the rate percent of the earnable compensation of the employees in such membership group which, if applied to expected future earnings of current and future employees of such membership group, would be expected to liquidate the membership group's unfunded accrued liability on or before June 30, ~~2018~~ 2038. The product of a membership group's accrued liability rate and its total earnable compensation shall be referred to as that membership group's "accrued liability contribution."