

1 Introduced by Committee on Government Operations

2 Date:

3 Subject: Vermont State Employees' Retirement System; Vermont State
4 Teachers' Retirement System; Vermont Municipal Employees'
5 Retirement System; miscellaneous amendments

6 Statement of purpose of bill as introduced: This bill proposes to make
7 miscellaneous amendments to Vermont's retirement laws.

8 An act relating to making miscellaneous amendments to Vermont's
9 retirement laws

10 It is hereby enacted by the General Assembly of the State of Vermont:

11 Sec. 1. 3 V.S.A. § 462 is amended to read:

12 § 462. REEXAMINATION OF DISABILITY BENEFICIARY

13 * * *

14 (c) Every recipient of disability benefits who has not reached his or her
15 normal retirement date shall, annually on a date determined by the Retirement
16 Board, file with the State Treasurer a statement certifying, under penalty of
17 perjury and in such form as the Retirement Board shall prescribe, the full
18 amount of his or her earnings from earned income during the preceding
19 calendar year. The State Treasurer may request, and the beneficiary shall
20 provide within 60 days of such request, additional financial information and

1 records pertinent to the beneficiary's earned income. The beneficiary's
2 statement and accompanying forms and schedules, and any other financial
3 information and records provided by the beneficiary to the State Treasurer
4 shall be confidential. In the event that a beneficiary fails to submit the
5 certification or any required or requested financial information or records
6 pertinent to the beneficiary's earned income, the beneficiary's retirement
7 allowance shall be suspended until all such information and records have been
8 submitted, and in the event that the failure continues for one year, all the
9 beneficiary's rights in and to his or her pension and any pending reemployment
10 rights under this section may be revoked by the ~~board~~ Board. Notwithstanding
11 any provision of this section to the contrary, if the beneficiary's earned income
12 for the preceding year exceeded the difference between the beneficiary's
13 retirement allowance and his or her average final compensation at retirement,
14 the beneficiary shall refund the portion of the preceding year's retirement
15 allowance that is equal to the amount of the reduction specified in subsection
16 (b) of this section, and the refund amount may be offset against the
17 beneficiary's monthly pension benefits. Prior to suspension or revocation of
18 the beneficiary's retirement allowance, reemployment rights, or inception of
19 any offset under this subsection ~~(e)~~, the Retirement Board shall provide the
20 beneficiary with written notice and an opportunity to be heard.

1 ~~on the next following December 31st shall be increased or decreased, as the~~
2 ~~ease may be, by an equal percentage.~~ In the event of an increase in such ratio,
3 the retirement allowance of each beneficiary in receipt of an allowance for at
4 least one year on the next following December 31st shall be increased by an
5 equal percentage. Such increase ~~or decrease~~ shall commence on the January
6 1st immediately following such December 31st. Such percentage increase ~~or~~
7 ~~decrease~~ shall also be made in the retirement allowance payable to a
8 beneficiary in receipt of an allowance under an optional election, provided the
9 member on whose account the allowance is payable and such other person
10 shall have received a total of at least 12 monthly payments by such
11 December 31st. ~~The maximum adjustment~~ increase of any retirement
12 allowance resulting from any such determination shall be five percent ~~and the~~
13 ~~minimum shall be one percent, and no retirement allowance shall be reduced~~
14 ~~below the amount payable to the beneficiary without regard to the provisions~~
15 ~~of this section.~~ In the event of a decrease of the Consumer Price Index as of
16 June 30th for the preceding year, the retirement allowance of a beneficiary
17 shall not be subject to any adjustment on the next following January 1st.

18 (b) For group F members, as of June 30 in each year, commencing
19 January 1, 1991, a determination shall be made of ~~the~~ any increase ~~or decrease,~~
20 to the nearest one-tenth of a percent of the Consumer Price Index for the
21 preceding fiscal year. ~~The~~ In the event of an increase, the retirement allowance

1 of each beneficiary in receipt of an allowance for at least one year on the next
2 following December 31st shall be increased ~~or decreased, as the case may be,~~
3 by an amount equal to one-half of the percentage increase ~~or decrease.~~
4 Commencing January 1, 2014, the retirement allowance of each beneficiary
5 who was an active contributing member of the group F plan on or after June
6 30, 2008, and who retires on or after July 1, 2008, shall be increased ~~or~~
7 ~~decreased, as the case may be,~~ by an equal percentage of the Consumer Price
8 Index for the preceding year. The increase ~~or decrease~~ shall commence on the
9 January 1st immediately following such December 31st. The ~~adjustment~~
10 increase shall apply to group F members receiving an early retirement
11 allowance only in the year following attainment of normal retirement age,
12 provided the member has received benefits for at least 12 months as of
13 December 31 of the year preceding any January adjustment. The maximum
14 ~~adjustment~~ increase of any retirement allowance resulting from any such
15 determination shall be five percent ~~and the minimum shall be one percent, and~~
16 ~~no retirement allowance shall be reduced below the amount payable to the~~
17 ~~beneficiary without regard to the provisions of this section.~~ In the event of a
18 decrease of the Consumer Price Index as of June 30th for the preceding year,
19 the retirement allowance of a beneficiary shall not be subject to any adjustment
20 on the next following January 1st.

1 (2) ~~Contributions shall be made on and after the date of establishment at~~
2 ~~the rate of 6.3 percent of compensation for each group A, D, and F member~~
3 ~~and at a rate of 8.18 percent of compensation for each group C member. For~~
4 ~~the period of July 1, 2011 through June 30, 2016, should the annual value of~~
5 ~~the total increased contributions of group C, D, and F member contributions~~
6 ~~exceed \$5,300,000.00 on an aggregate basis, any amount in excess of~~
7 ~~\$5,300,000.00 shall remain in the Retirement System and the State's~~
8 ~~contribution shall not be reduced by the amount in excess of \$5,300,000.00.~~
9 Commencing on July 1, 2016 or when, contributions shall be 6.55 percent of
10 compensation for group A, D, and F members and 8.43 percent of
11 compensation for group C members. When the State Employees' Retirement
12 System has been determined by the actuary to have assets at least equal to its
13 accrued liability, ~~whichever occurs first, contributions shall be five percent of~~
14 ~~compensation for group A, D, and F members and 6.88 percent of~~
15 ~~compensation for group C members. Commencing July 1, 2019, the rate of~~
16 ~~contribution applicable to all active group F members shall be 4.75 percent of~~
17 ~~compensation~~ contribution rates will be reevaluated by the actuary with a
18 subsequent recommendation to the General Assembly. In determining the
19 amount earnable by a member in a payroll period, the Retirement Board may
20 consider the annual or other periodic rate of earnable compensation payable to
21 such member on the first day of the payroll period as continuing throughout

1 such payroll period, and it may omit deduction from compensation for any
2 period less than a full payroll period if an employee was not a member on the
3 first day of the payroll period, and to facilitate the making of deductions it may
4 modify the deduction required of any member by such an amount as, on an
5 annual basis, shall not exceed one-tenth of one percent of the annual earnable
6 compensation upon the basis of which such deduction is to be made. Each of
7 the amounts shall be deducted until the member retires or otherwise withdraws
8 from service, and when deducted shall be paid into the Annuity Savings Fund,
9 and shall be credited to the individual account of the member from whose
10 compensation the deduction was made.

11 * * *

12 Sec. 5. 24 V.S.A. § 5054 is amended to read:

13 § 5054. CREDITABLE SERVICE

14 * * *

15 (f) The ~~board~~ Board may enter into a prior service purchase agreement with
16 any member who has participated in a public retirement system other than this
17 system. A member who desires to purchase creditable service for service with
18 a public retirement system outside this system must make application to the
19 ~~board~~ Board to purchase such creditable service. Upon approval by the ~~board~~
20 Board, a member who desires to purchase additional creditable service must
21 deposit in the fund, a lump sum equal to the accrued liability (based on the

1 assumptions and methodology adopted by the ~~board~~ Board) for such additional
2 creditable service. In lieu of a single payment, a member may, subject to the
3 approval of the ~~board~~ Board, contribute in installments of equal monthly
4 payments (over a period not to exceed ~~36~~ 60 months) the actuarial equivalent
5 value (based on assumptions adopted by the ~~board~~ Board) of the lump sum
6 payment described in this section. Any member who terminates prior to
7 completing all required installment payments as approved by the ~~board~~ Board
8 shall receive pro rata credit for service purchased before the member's date of
9 termination, but if so elected at the time of termination, the member may pay
10 as much in a single sum as is necessary to provide full credit at this time. The
11 payments made by the member pursuant to this subsection shall be treated for
12 all purposes as member contributions. No application may be accepted for
13 purchase of credit for prior service in a public retirement system if at the time
14 of application the member has a vested right to retirement benefits in such
15 public retirement system.

16 * * *

17 Sec. 6. VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
18 RATES FOR FISCAL YEAR 2017

19 Notwithstanding the provisions of 24 V.S.A. § 5064(b), for the period
20 July 1, 2016 through June 30, 2017, contributions shall be made by Group A
21 members at the rate of 2.5 percent of earnable compensation, by Group B

1 members at the rate of 4.875 percent of earnable compensation, and by Group
2 D members at the rate of 11.350 percent of earnable compensation. For the
3 period July 1, 2016 through June 30, 2017, contributions shall be made by
4 Group C members at the rate of 9.875 percent of earnable compensation.

5 Sec. 7. EFFECTIVE DATE

6 This act shall take effect on July 1, 2016.

DRAFT