

Summary of Recommended Changes – Miscellaneous Retirement Bill (2019 Session)

The Proposed Miscellaneous Retirement Bill for 2019 has four component parts. The first three are in the nature of “clean-up” amendments and the fourth is the creations of a study committee to address law enforcement retirement in the State system:

1. Voluntary Employee Contributions to the State Defined Contribution Plan. Per federal tax requirements, voluntary employee contributions can be made to a defined contribution plan only on an after-tax basis. The statute as written states that such voluntary employee contributions are not taxed until distribution. The proposed change removes this statement and will allow the Plan to accept voluntary employee contributions in a manner consistent with federal tax requirements.
2. Retiree Spousal Health Care in the Teachers Systems. In 2010, changes were made to the Teachers System to, among other things, increase employee contributions and provide for a new subsidized health coverage for retired teachers’ spouses. To access this new benefit, teachers had to work for defined time periods before and after the date of the change in 2010. The statute appears to have inadvertently left out teachers who have less than 10 years as of 2010 from accessing this benefit, which is inconsistent with the intent of the statute at the time. The proposed change keeps the requirements for the benefit the same, and it corrects the error regarding newer teachers.
3. Municipality Elections to Join the Municipal System. The proposed change here simply corrects a typo and includes an internal cross reference that seems to have been omitted.
4. Law Enforcement Retirement Benefits Study Committee. This section creates a new study committee comprised a wide group of stakeholders to evaluate the requirements for membership in Group C of the Vermont State Employees Retirement System and make recommendations to the General Assembly. Key tasks include:
 - Review current employee positions in Group C and evaluating whether the requirements for membership in Group C are tailored to provide the appropriate retirement benefit to the appropriate group of employees
 - Review whether applicable federal requirements, e.g., the Age Discrimination in Employment Act, merit any changes to the requirements of Group C
 - Make recommendations about membership in Group C and or benefit adjustments for Group C members.

This section provides for a \$75,000 appropriation to allow for the retention of expert legal and actuarial services in support of the Study Committee.