

1 H.305

2 Introduced by Representative Anthony of Barre City

3 Referred to Committee on

4 Date:

5 Subject: Retirement; Vermont State Employees' Retirement System;

6 membership; pension benefits

7 Statement of purpose of bill as introduced: This bill proposes to create a new  
8 group membership in the Vermont State Employees' Retirement System that  
9 will provide group members with benefits that are similar to Group C  
10 members.

11 An act relating to the creation of a new group membership in the Vermont  
12 State Employees' Retirement System

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

14 Sec. 1. 3 V.S.A. § 455 is amended to read:

15 § 455. DEFINITIONS

16 (a) As used in this subchapter:

17 \* \* \*

18 (4) "Average final compensation" ~~shall mean~~ means:

19 \* \* \*

1           (B) For a Group C ~~member~~ and G members, the average annual  
2           earnable compensation of a member during the two consecutive fiscal years  
3           beginning July 1 and ending June 30 of creditable service affording the highest  
4           such average, or during all of the years in the member's creditable service if  
5           fewer than two years. If the member's highest two years of earnable  
6           compensation are the two years prior to separation of service and the member  
7           separates prior to the end of a fiscal year, average final compensation shall be  
8           determined by adding:

9                   (i) The actual earnable compensation earned in the fiscal year of  
10                  separation through the date of separation and the service credit to correspond  
11                  with the last pay date.

12                   (ii) The earnable compensation and service credit earned in the  
13                  preceding fiscal year.

14                   (iii) The remaining service credit that is needed to complete the  
15                  two full years, which shall be factored from the fiscal year preceding the fiscal  
16                  year described in subdivision (ii) of this subdivision (B). The earnable  
17                  compensation associated with this remaining service credit shall be calculated  
18                  by multiplying the annual earnable compensation reported by the remaining  
19                  service credit that is needed.

20           (C) For purposes of determining average final compensation for  
21           Group A, ~~or~~ Group C, or Group G members, a member who has accumulated

1 unused sick leave at retirement shall be deemed to have worked the full normal  
2 working time for his or her position for 50 percent of such leave, at his or her  
3 full rate of compensation in effect at the date of his or her retirement. For  
4 purposes of determining average final compensation for Group F members,  
5 unused annual or sick leave, termination bonuses, and any other compensation  
6 for service not actually performed shall be excluded. The average final  
7 compensation for a State's Attorney and the Defender General shall be  
8 determined by the State's Attorney's or the Defender General's highest annual  
9 compensation earned during his or her creditable service.

10 (D) For purposes of determining average final compensation for a  
11 member who has accrued service in more than one group plan within the  
12 System, the highest consecutive years of earnings shall be based on the  
13 formulas set forth in subdivision (A) or (B) of this subdivision (4) using the  
14 earnable compensation received while a member of the System.

15 (E) For Group A, C, G, or F members who retire on or after July 1,  
16 2012, an increase in compensable hours in any year used to calculate average  
17 final compensation that exceeds 120 percent of average compensable hours  
18 shall be excluded from that year when calculating average final compensation.

19 \* \* \*

20 (11) "Member" ~~shall mean~~ means any employee included in the  
21 membership of the Retirement System under section 457 of this title.

1           (A) “Group A members” ~~shall mean~~ means employees classified  
2 under subdivision (A) of subdivision (9) of this subsection.

3           (B) [Repealed.]

4           (C) “Group C members” ~~shall mean~~ means employees classified  
5 under subdivision (B) of subdivision (9) of this subsection who become  
6 members as of the date of establishment, any person who is first included in  
7 the membership of the System on or after July 1, 1998, any person who was a  
8 Group B member on June 30, 1998, who was in service on that date, and any  
9 person who was a Group B member on June 30, 1998, who was absent from  
10 service on that date who returns to service on or after July 1, 1998.

11           (D) “Group D members” ~~shall mean~~ means Justices of the Supreme  
12 Court, Superior judges, district judges, environmental judges, and probate  
13 judges.

14           (E) “Group F member” ~~shall mean~~ means any person who is first  
15 included in the membership of the System on or after January 1, 1991, any  
16 person who was a Group E member on December 31, 1990, who was in  
17 service on that date, and any person who was a Group E member on December  
18 31, 1990, who was absent from service on that date who returns to service on  
19 or after January 1, 1991.

20           (F) “Group G member” means any person who is in the membership  
21 of the System on or after July 1, 2021 who is a facility employee of the

1 Department of Corrections, an employee of the Department of Corrections who  
2 provides direct security and treatment services to offenders under supervision  
3 in the community, an employee of the Vermont State Hospital or an employee  
4 of its successor in interest who provides direct patient care, and an employee of  
5 the Vermont Veterans' Home who provides direct patient care.

6 (12) "Membership service" ~~shall mean~~ means service rendered while a  
7 member of the Retirement System.

8 (13) "Normal retirement date" ~~shall mean~~ means:

9 (A) with respect to a Group A member, the first day of the calendar  
10 month next following (i) attainment of ~~age 65~~ years of age, and following  
11 completion of five years of creditable service for those members hired on or  
12 after July 1, 2004, or (ii) attainment of ~~age 62~~ years of age and completion of  
13 20 years of creditable service, whichever is earlier;

14 (B) with respect to a Group C member, the first day of the calendar  
15 month next following attainment of ~~age 55~~ years of age, and following  
16 completion of five years of creditable service for those members hired on or  
17 after July 1, 2004, or completion of 30 years of service, whichever is earlier;

18 (C) with respect to a Group D member, the first day of the calendar  
19 month next following attainment of ~~age 62~~ years of age and completion of five  
20 years of creditable service; ~~and~~



1 or she withdraw his or her contributions, or become a beneficiary or die, he or  
2 she shall thereupon cease to be a member. However, the membership of any  
3 employee entering such classes of military or naval service of the United States  
4 as may be approved by resolution of the Retirement Board, shall be continued  
5 during such military or naval service if he or she does not withdraw his or her  
6 contributions, but no such member shall be considered in the service of the  
7 State for the purpose of the Retirement System during such military or naval  
8 service, except as provided in subsection 458(e) of this title.

9 \* \* \*

10 Sec. 3. 3 V.S.A. § 458 is amended to read:

11 § 458. CREDITABLE SERVICE; MILITARY SERVICE

12 (a) With respect to service rendered prior to the date of membership, each  
13 employee who, pursuant to subsection 457(a) of this title, became a member of  
14 the retirement system shall have included as prior service hereunder all service  
15 credited to him or her as creditable service under the terms of one or both of  
16 the predecessor systems, provided his or her membership continues unbroken  
17 until his or her retirement.

18 (b) All service of a group A, group C, group D, ~~or~~ group F, or group G  
19 member since he or she last became a member on account of which  
20 contributions are made shall be credited as membership service.

21 \* \* \*

1 Sec. 4. 3 V.S.A. § 459 is amended to read:

2 § 459. NORMAL AND EARLY RETIREMENT

3 (a) Normal retirement.

4 (1) Group A, group D, ~~and group F,~~ and group G members. Any group  
5 A, group D, ~~or group F,~~ or group G member who has reached his or her normal  
6 retirement date may retire on a normal retirement allowance on the first day of  
7 any month after his or her separation from service by filing an application in  
8 the manner outlined in subdivision (3) of this subsection.

9 \* \* \*

10 (b) Normal retirement allowance.

11 \* \* \*

12 (2) Upon normal retirement, a group C or group G member shall receive  
13 a normal retirement allowance ~~which~~ that shall be equal to 50 percent of his or  
14 her average final compensation; provided, however, that if the member has not  
15 completed 20 years of creditable service at retirement, or, if earlier, the date of  
16 attainment of such age as may be applicable under the provisions of  
17 subdivision (a)(4) of this section, the member's allowance shall be multiplied  
18 by the ratio that the number of his or her years of creditable service at  
19 retirement, or such earlier date, bears to 20.

20 \* \* \*

21 (c) Early retirement.





1 ~~allowance which shall be equal to the normal retirement allowance at age 55~~  
2 ~~without reduction.~~

3 (2)(A) Upon early retirement, a group F member, except ~~facility~~  
4 ~~employees of the Department of Corrections, Department of Corrections~~  
5 ~~employees who provide direct security and treatment services to offenders~~  
6 ~~under supervision in the community, and Woodside facility employees, shall~~  
7 receive an early retirement allowance ~~which~~ that shall be equal to the normal  
8 retirement allowance reduced by one-half of one percent for each month the  
9 member is under ~~age 62~~ years of age at the time of early retirement. Group F  
10 members who have 20 years of service as ~~facility employees of the Department~~  
11 ~~of Corrections, as Department of Corrections employees who provide direct~~  
12 ~~security and treatment services to offenders under supervision in the~~  
13 ~~community, or as Woodside facility employees, or as Vermont State Hospital~~  
14 ~~employees, or as employees of its successor in interest, who provide direct~~  
15 ~~patient care~~ shall receive an early retirement allowance ~~which~~ that shall be  
16 equal to the normal retirement allowance at ~~age 55~~ years of age without  
17 reduction; provided the 20 years of service occurred in one or more of the  
18 following capacities as an employee of the ~~Department of Corrections,~~  
19 ~~Woodside facility, or the Vermont State Hospital, or its successor in interest:~~

1 ~~facility employee, community service center employee, or court and reparative~~  
2 ~~service unit employee.~~

3 (B) Upon early retirement, a group F member first included in the  
4 membership of the system on or after July 1, 2008, except ~~facility employees~~  
5 ~~of the Department of Corrections and Department of Corrections employees~~  
6 ~~who provide direct security and treatment services to offenders under~~  
7 ~~supervision in the community, and Woodside facility employees,~~ shall receive  
8 an early retirement allowance ~~which~~ that shall be equal to the normal  
9 retirement allowance reduced by:

10 (i) one-eighth of one percent for each month the member is under  
11 age 65 years of age, provided the member has accrued 35 years of service at  
12 the time of early retirement;

13 (ii) one-quarter of one percent for each month the member is  
14 under age 65 years of age, provided the member has accrued 30 years of  
15 service but less than 35 years of service at the time of early retirement;

16 (iii) one-third of one percent for each month the member is under  
17 age 65 years of age, provided the member has accrued 25 years of service but  
18 less than 30 years of service at the time of early retirement;

19 (iv) five-twelfths of one percent for each month the member is  
20 under age 65 years of age, provided the member has accrued 20 years of  
21 service but less than 25 years of service at the time of early retirement;



1 is denied because the individual is found to be suitable for other work, the  
2 member shall be advised at the time of denial of the following provisions  
3 ~~which~~ that shall apply:

4 \* \* \*

5 (c) Notwithstanding subsection (b) of this section, a group C and group G  
6 member, upon ordinary disability retirement, shall receive an additional  
7 allowance ~~which~~ that will, when added to his or her Social Security benefit, be  
8 equal to 10 percent of his or her average final compensation for each  
9 dependent child, not in excess of three, who has not attained ~~age-18~~ years of  
10 age or, if a dependent student, has not attained ~~age~~ 23 years of age.

11 \* \* \*

12 Sec. 6. 3 V.S.A. § 461 is amended to read:

13 § 461. ACCIDENTAL AND OCCUPATIONALLY RELATED  
14 DISABILITY RETIREMENT

15 \* \* \*

16 (c) Notwithstanding subsection (b) of this section, a group C and group G  
17 member, upon accidental disability retirement, shall receive as a minimum an  
18 allowance ~~which~~ that will, when added to the member's Social Security  
19 benefit, be equal to 50 percent of the member's average final compensation  
20 plus 10 percent of the member's average final compensation for each

1 dependent child, not in excess of three, who has not attained ~~age~~ 18 years of  
2 age or, if a dependent student, has not attained ~~age~~ 23 years of age.

3 \* \* \*

4 Sec. 7. 3 V.S.A. § 464 is amended to read:

5 § 464. ACCIDENTAL AND OCCUPATIONALLY RELATED DEATH  
6 BENEFIT

7 \* \* \*

8 (b) If the Retirement Board shall find on the basis of such evidence as may  
9 come before it that a group C or group G member in service died prior to his or  
10 her retirement under the system as the natural and proximate result of an  
11 accident occurring at a definite time and place during the course of his or her  
12 performance of duty as an employee and that such accident was not the result  
13 of his or her own gross negligence or willful misconduct, a retirement  
14 allowance shall be paid to his or her dependent spouse during her or his life, or  
15 if there be no dependent spouse, or if the dependent spouse dies before the  
16 youngest child of the deceased member has attained ~~age~~ 18 years of age, ~~age~~  
17 23 years of age in the case of a dependent student, then to his or her child or  
18 children under said age until the youngest of such children attains such age,  
19 divided in such manner as the Retirement Board in its discretion shall  
20 determine provided that the total annual payments to all such children shall not  
21 exceed the retirement allowance ~~which~~ that would have been payable to the

1 dependent spouse. If a member leaves no dependent spouse or child under said  
2 age upon his or her death, then a retirement allowance may be payable at the  
3 discretion of the Retirement Board to his or her dependent parent or parents  
4 provided that the total allowance payable shall not exceed the retirement  
5 allowance ~~which~~ that would have been payable to the dependent spouse. In the  
6 case of the payment of a retirement allowance under this section to a child of a  
7 deceased group C member who is a dependent student, the retirement  
8 allowance shall continue while such child remains a dependent student until he  
9 or she attains ~~age~~ 23 years of age.

10 (c) The retirement allowance payable to the dependent spouse of a  
11 deceased member under this section shall be equal to 25 percent of the  
12 member's average final compensation at the time of his or her death.

13 (d) Notwithstanding subsection (c) of this section, a dependent spouse of a  
14 deceased group C or group G member under this section shall receive as a  
15 minimum an allowance ~~which~~ that:

16 \* \* \*

17 Sec. 8. 3 V.S.A. § 465 is amended to read:

18 § 465. TERMINATION OF SERVICE; ORDINARY DEATH BENEFIT

19 \* \* \*

20 (d) If a Group C or Group G member dies in service after reaching his or  
21 her normal retirement date or after completing 10 years of creditable service, a

1 retirement allowance will be payable to the member's dependent spouse during  
2 her or his life, or if there be no dependent spouse, or if the dependent spouse  
3 dies before the youngest child of the deceased member has attained ~~age~~ 18  
4 years of age, ~~age~~ 23 years of age in the case of a dependent student, then to the  
5 member's child or children under said age until the youngest of such children  
6 attains such age, divided in such manner as the Retirement Board in its  
7 discretion shall determine provided that the total annual payments to all such  
8 children shall not exceed the retirement allowance ~~which~~ that would have been  
9 payable to the dependent spouse. If a member leaves no dependent spouse or  
10 child under such age upon his or her death, then a retirement allowance may be  
11 payable at the discretion of the Retirement Board to his or her dependent  
12 parent or parents provided that the total allowance payable shall not exceed the  
13 retirement allowance ~~which~~ that would have been payable to the dependent  
14 spouse. In the case of the payment of a retirement allowance under this section  
15 to a child of a deceased Group C or Group G member who is a dependent  
16 student, the retirement allowance shall continue while such child remains a  
17 dependent student until he or she attains ~~age~~ 23 years of age.

18 \* \* \*

19 (f) The retirement allowance payable under this section to a dependent  
20 spouse of a Group C or Group G member who dies prior to normal retirement  
21 date shall be an allowance ~~which~~ that will, when added to his or her survivor's



1 insurance benefit, be equal to 70 percent of the retirement allowance ~~which~~  
2 that would have been payable to the deceased member had he or she retired on  
3 a normal or early retirement allowance, as the case may be, but without  
4 actuarial equivalent modification, on the date of the member's death plus ten  
5 percent of his or her average final compensation for each dependent child of  
6 the deceased member, not in excess of three, who has not attained ~~age 18 years~~  
7 of age or, if a dependent student, has not attained ~~age 23 years of age~~. Where,  
8 pursuant to this section, a retirement allowance is payable to a child or parent  
9 eligible for a survivor's insurance benefit, the allowance payable under this  
10 subsection shall be inclusive of such person's survivor's insurance benefit.

11 \* \* \*

12 Sec. 9. 3 V.S.A. § 467 is amended to read:

13 § 467. DEATH BENEFIT AFTER RETIREMENT- ~~GROUP~~ GROUPS C

14 AND G

15 If a group C or group G member in receipt of a retirement allowance dies,  
16 his or her dependent spouse shall receive until her or his death a retirement  
17 allowance ~~which~~ that shall be equal to 70 percent of the retirement allowance  
18 to which the member was then entitled, without optional modification,  
19 irrespective of whether such member had elected an option hereunder.

1 Sec. 10. 3 V.S.A. § 469 is amended to read:

2 § 469. MINIMUM BENEFIT- ~~GROUP~~ GROUPS C AND G

3 Anything contained in this title to the contrary notwithstanding, the benefit  
4 payable to or on account of a group C or group G member hereunder, inclusive  
5 of any benefit provided by his or her additional contributions as specified in  
6 subsection 473(b) of this title together with the Social Security benefit or  
7 survivor's insurance benefit, as the case may be, shall not be less than the  
8 benefit ~~which~~ that would have been payable to him or her or on his or her  
9 account under the provisions of the Vermont State Police and Motor Vehicle  
10 Inspectors' Retirement System as in effect on June 30, 1972 had said System  
11 continued in effect unamended.

12 Sec. 11. 3 V.S.A. § 470 is amended to read:

13 § 470. POSTRETIREMENT ADJUSTMENTS TO RETIREMENT

14 ALLOWANCES

15 (a) For Group A, Group C, ~~and Group D,~~ and Group G members, as of  
16 June ~~30th~~ 30 in each year, commencing June 30, 1972, a determination shall be  
17 made of any increase or decrease, to the nearest one-tenth of a percent, in the  
18 ratio of the average of the Consumer Price Index for the month ending on that  
19 date to the average of said index for the month ending on June 30, 1971, or the  
20 month ending on June ~~30th~~ 30 of the most recent year subsequent thereto. In  
21 the event of an increase, and provided that the net increase following the

1 application of any offset as provided in this subsection equals or exceeds one  
2 percent, the retirement allowance of each beneficiary in receipt of an  
3 allowance for at least one year on the next following December ~~31st~~ 31 shall  
4 be increased by an equal percentage. Such increase shall commence on the  
5 January ~~1st~~ 1 immediately following such December ~~31st~~ 31. Such percentage  
6 increase shall also be made in the retirement allowance payable to a  
7 beneficiary in receipt of an allowance under an optional election, provided the  
8 member on whose account the allowance is payable and such other person  
9 shall have received a total of at least 12 monthly payments by such  
10 December ~~31st~~ 31. In the event of a decrease of the Consumer Price Index as  
11 of June ~~30th~~ 30 for the preceding year, the retirement allowance of a  
12 beneficiary shall not be subject to any adjustment on the next following  
13 January ~~1st~~ 1; provided, however, that:

14 (1) such decrease shall be applied as an offset against the first  
15 subsequent year's increase of the Consumer Price Index when such increase  
16 equals or exceeds one percent, up to the full amount of such increase; and

17 (2) to the extent that such decrease is greater than such subsequent  
18 year's increase, such decrease shall be offset in the same manner against two  
19 or more years of such increases, for up to but not exceeding five subsequent  
20 years of such increases, until fully offset.

21 \* \* \*

1 Sec. 12. 3 V.S.A. § 473 is amended to read:

2 § 473. FUNDS

3 (a) Assets. All of the assets of the Retirement System shall be credited to  
4 the Vermont State Retirement Fund.

5 (b) Member contributions.

6 (1) Contributions deducted from the compensation of members together  
7 with any member contributions transferred thereto from the predecessor  
8 systems shall be accumulated in the Fund and separately recorded for each  
9 member. The amounts so transferred on account of Group A members shall be  
10 allocated between regular and additional contributions. The amounts so  
11 allocated as regular contributions shall be determined as if the rate of  
12 contribution of four percent has been continuously in effect in the predecessor  
13 system from which such amounts were transferred and the balance of any  
14 amount so transferred on account of any Group A member shall be deemed  
15 additional contributions. In the case of Group C and Group G members who  
16 were members as of the date of establishment and Group D members, all  
17 contributions transferred from predecessor systems shall be deemed regular  
18 contributions. Those members who, prior to the date of establishment of this  
19 system, had been contributing at a rate less than four percent shall have any  
20 benefit otherwise payable on their behalf actuarially reduced to reflect such  
21 prior contribution rate of less than four percent. Upon a member's retirement

1 or other withdrawal from service on the basis of which a retirement allowance  
2 is payable, the member's additional contributions, with interest thereon, shall  
3 be paid as an additional allowance equal to an annuity ~~which~~ that is the  
4 actuarial equivalent of such amount, in the same manner as the benefit  
5 otherwise payable under the System.

6 (2) Commencing on July 1, 2016, contributions shall be 6.55 percent of  
7 compensation for Group A, D, and F members and 8.43 percent of  
8 compensation for Group C and Group G members. When the State  
9 Employees' Retirement System has been determined by the actuary to have  
10 assets at least equal to its accrued liability, contribution rates will be  
11 reevaluated by the actuary with a subsequent recommendation to the General  
12 Assembly. In determining the amount earnable by a member in a payroll  
13 period, the Retirement Board may consider the annual or other periodic rate of  
14 earnable compensation payable to such member on the first day of the payroll  
15 period as continuing throughout such payroll period, and it may omit deduction  
16 from compensation for any period less than a full payroll period if an employee  
17 was not a member on the first day of the payroll period, and to facilitate the  
18 making of deductions it may modify the deduction required of any member by  
19 such an amount as, on an annual basis, shall not exceed one-tenth of one  
20 percent of the annual earnable compensation upon the basis of which such  
21 deduction is to be made. Each of the amounts shall be deducted until the

1 member retires or otherwise withdraws from service, and when deducted shall  
2 be paid into the Annuity Savings Fund, and shall be credited to the individual  
3 account of the member from whose compensation the deduction was made.

4 \* \* \*

5 (6) Contributions required under this subsection shall be limited to  
6 contributions from Group A, Group C, Group D, ~~and~~ Group F, and Group G  
7 members.

8 \* \* \*

9 Sec. 13. 3 V.S.A. § 479 is amended to read:

10 § 479. GROUP INSURANCE

11 \* \* \*

12 (b) As of July 1, 2007, members of the Group C and Group G plan who  
13 separate from service prior to being eligible for retirement benefits under this  
14 chapter, who have at least 20 years of creditable service, and who participated  
15 in the group medical benefit plan at the time of separation from service shall  
16 have a one-time option at the time retirement benefits commence to participate  
17 in the group medical benefit plan provided by the State of Vermont for active  
18 State employees. Premiums for the plan shall be prorated between the retired  
19 member and the Retirement System pursuant to section 631 of this title.

20 (c) Premiums for coverage of retired members of the Group C and Group G  
21 plan and their dependents in the group medical benefit plan shall be prorated

1 on the same basis as is provided for active employees by the current collective  
2 bargaining agreement for the nonmanagement unit. The amounts designated as  
3 the State's share of premium for the medical benefit plan and the total  
4 premium for group life insurance provided under subdivision (a)(2) of this  
5 section shall be paid by the Fund as an operating expense in accordance with  
6 subsection 473(d) of this title.

7 \* \* \*

8 Sec. 14. EFFECTIVE DATE

9 This act shall take effect on July 1, 2021.