

Pension Funds Management and Investments

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Overview

Statutory review of Vermont State Employees' Retirement System (VSERS) and Vermont State Teachers' Retirement System (VSTRS)

- Administration of VSERS/VSTRS
- Fiduciary Oversight of VSERS/VSTRS
- Management of Operations for VSERS/VSTRS

Administration of VSERS: Membership of Board of Trustees

- Board of Trustees (the Retirement Board) is an 8-member board (3 V.S.A. § 471(a))
- Membership includes:
 - Governor;
 - State Treasurer;
 - Commissioner of Human Resources;
 - Commissioner of Finance and Management;
 - three members of the VSEA who are members of the System; and
 - one retired State employee who is a beneficiary of the System and is elected by the Vermont Retired State Employees' Association (current chair)
- Trustees are not compensated
- Attorney General is the legal advisor to the Retirement Board

Administration of VSERS: Responsibilities of Board of Trustees

The Retirement Board is responsible for the general administration and proper operation of VSERS (3 V.S.A. § 471) including:

- Establishing rules and regulations for the administration of the System
- Adopting mortality and service tables, based on actuarial investigation
- Setting rates of regular interest
- Engaging medical, actuarial, and other services necessary to transact the business of the System
- Recordkeeping for the System:
 - Data necessary for an actuarial valuation of the Fund and checking the experience of the System; and
 - Records on all of its proceedings

Administration of VSERS: Responsibilities of Board of Trustees Cont'd

- Designating an actuary to serve as a technical advisor to the Board on matters regarding the operation of the System Fund who shall:
 - Conduct an actuarial investigation into the mortality, service, and compensation experience of the members and beneficiaries of the System at least once every 5 years
 - Make annual valuations of the assets and liabilities of the Fund based on mortality and service tables
- Annually reviewing the amount of State contribution recommended by the actuary and recommending to the Legislature an amount of State contribution that should be appropriated for the following fiscal year
- Designating a Medical Board (3 physicians not eligible to participate in the System) who arrange for and pass upon all required medical examinations

Administration of VSERS: Board of Trustees Reporting Requirements

The Retirement Board is required to prepare and submit certain reports (3 V.S.A. § 471a):

- Reports on the fiscal transactions of the System
 - Required to annually submit to the General Assembly a report on the financial transactions of the System, the amount of accumulated cash and securities of the System, and the last balance sheet showing the financial condition of the System
- Results of an actuarial reevaluation of the Retirement Fund (which the Board shall require on a periodic basis at least every three years)

Administration of VSTRS: Membership of Board of Trustees

- Board of Trustees of VSTRS is a 6-member board (16 V.S.A. § 1942)
- Membership includes:
 - Secretary of Education;
 - State Treasurer;
 - Commissioner of Financial Regulation
 - Two trustees and one alternate who are members of the System; and
 - One trustee and one alternate who are elected by the Board of Directors, Association of Retired Teachers of Vermont, who are retired members of the System receiving benefits (current chair)
- Trustees are not compensated

Administration of VSTRS: Responsibilities of Board of Trustees

The Board of Trustees' is responsible for the general administration and proper operation of VSTRS (16 V.S.A. § 1942) :

- Establishing rules and regulations for the administration of the System
- Adopting mortality and service tables, based on actuary's recommendation
- Setting rates of regular interest
- Engaging medical, actuarial, and other services necessary to transact the business of the System
- Recordkeeping for the System:
 - Data necessary for an actuarial valuation of the Fund and for checking the experience of the System; and
 - Records on all of its proceedings

Administration of VSTRS: Responsibilities of Board of Trustees

- Designate an actuary to service as a technical advisor to the Board on matters regarding the operation of the System Fund
 - Conducts an actuarial investigation into the mortality, service, and compensation experience of the members and beneficiaries of the System at least once every 5 years
 - Make annual valuations of the assets and liabilities of the Fund based on mortality and service tables
- Annually review the amount of State contribution recommended by the actuary and recommend to the Legislature an amount of State contribution that should be appropriated for the following fiscal year
- Enter into insurance arrangements to provide health and medical benefits for retired members and their dependents.
- Designate a Medical Board (3 physicians not eligible to participate in the System) who arrange for and pass upon all required medical examinations

Administration of VSTRS: Board of Trustees Reporting Requirements

The Retirement Board is required to report on the fiscal transactions of the System (16 V.S.A. § 1942(i))

- Required to annually submit to the General Assembly a report on the financial transactions of the System, the amount of accumulated cash and securities of the System, and the last balance sheet showing the financial condition of the System
- Results of an actuarial reevaluation of the Retirement Fund, which the Board shall require on a periodic basis at least every three years (16 V.S.A. § 1944a)

Vermont Pension Investment Committee (VPIC): Membership

- VPIC is a 7-member committee that makes and manages investments for VSERS, VSTRS, and VMERS (3 V.S.A. § 522)
- Membership includes:
 - the State Treasurer;
 - one member/alternate elected by the employee and retiree members of the Retirement Board;
 - one member/alternate elected by the employee and retiree members of the Teachers' Retirement Board;
 - one member/alternate elected by the municipal employee and municipal official members of that Board;
 - two members/one alternate appointed by the Governor;
 - and one member who shall serve as Chair who is elected by the other six members of the Board.

Vermont Pension Investment Committee (VPIC): Membership Cont'd

- The experience and knowledge of the potential members and alternates consistent with the purposes of the Committee shall be considered prior to election or appointment
- Members and alternates required to participate in training in investments, securities, and fiduciary responsibilities, as required
- Non-public employee members entitled to compensation
- The Attorney General serves as legal advisor to the Committee

Vermont Pension Investment Committee: Responsibilities

- Responsible for governing the investment of the assets of the three retirement systems
 - Strives to maximize total return on investment with acceptable levels of risk for public retirement systems, in accordance with standards of care
- Approves policies and procedures, investment policy, asset allocations, and appointment of third party managers and consultants.
- Agrees to any changes in the actuarial rate of return at a joint meeting with the respective Board of Trustees

Management of Operations: State Treasurer

- Acts as custodian of assets of the funds of VSERS, VSTRS, and VMERS (3 V.S.A. § 522)
- Manages day-to-day operations of VPIC and retirement operations
- Manages reporting, studies, and recommends long term policy
- Member of all 3 boards of trustees (VSERS, VSTRS, and VMERS)