

1 Sec. 1. 32 V.S.A. § 311a is added to read:

2 § 311a. PUBLIC RETIREMENT BENEFITS; UNFUNDED LIABILITY;  
3 FINDINGS; PURPOSE; INTENT

4 (a) Findings. The General Assembly finds:

5 (1) The actuarially determined employer contribution (ADEC) for the  
6 Vermont State Employees' Retirement System (VSERS) has increased by an  
7 annual growth rate of 12.1 percent between FY 2009 and FY 2023, and the  
8 funded ratio of the VSERS has declined from 94.1 percent from FY 2008 to  
9 67.6 percent by year-end FY 2021.

10 (2) The ADEC for the Vermont State Teachers' Retirement System  
11 (VSTRS) has increased by an annual growth rate of 13 percent between  
12 FY 2009 and FY 2023, and the funded ratio of the VSTRS has declined from  
13 80.9 percent from FY 2008 to 52.9 percent by year-end FY 2021.

14 (3) The General Assembly has appropriated sufficient funds to fully pay  
15 the ADEC for both VSERS and VSTRS at the recommended amounts since  
16 FY 2007 and throughout the current amortization period.

17 (4) Since FY 2009, the accrued liabilities of VSERS and VSTRS have  
18 grown faster than the assets of each plan, resulting in a gap between the  
19 expected payout of future benefits and the assets VSERS and VSTRS have to  
20 pay out those benefits to retired State employees and teachers. This gap is also  
21 known as the unfunded liabilities for VSERS and VSTRS.

1           (5) In FY 2015, the General Assembly created the Retired Teachers'  
2           Health and Medical Benefits Fund, and health care premiums are paid for on a  
3           pay-as-you-go basis from this Fund.

4           (6) The FY 2022 State budget expense for retiree health care benefits,  
5           known as other postemployment benefits (OPEB), for State employees was  
6           approximately \$37.2 million and \$35.1 million for teachers.

7           (7) As of the beginning of FY 2022, the State's unfunded liabilities for  
8           health care benefits for retired State employees and teachers is \$2.75 billion.

9           (b) Purpose. The purpose of this section is to provide economic stability  
10           for retired State employees and teachers by maintaining the financial health of  
11           VSERS and VSTRS, while also addressing the unfunded liabilities in the  
12           State's pension and OPEB plans and the decline in the funded ratios of those  
13           retirement systems.

14           (c) Intent.

15           (1) It is the intent of the General Assembly to address the unfunded  
16           liabilities and decline in funded ratios of VSERS and VSTRS by implementing  
17           several measures, including:

18           (A) continuing the General Assembly's policy since FY 2007 to fully  
19           fund the actuarially determined employer contributions rates for the VSERS  
20           and VSTRS at the amounts recommended by the respective boards of each  
21           retirement system to the General Assembly each year; and

1           (B) beginning in FY 2024, annually funding an additional payment to  
2           the actuarially recommended unfunded liability amortization payments for  
3           VSERS and VSTRS that will increase to not more than \$15,000,000.00 each  
4           year to each retirement system and remain until the VSERS plan and the  
5           VSTRS plan respectively reach a 90 percent funded ratio.

6           (2) It is also the intent of the General Assembly to prefund other  
7           postemployment benefits to create more security and predictability in health  
8           care benefits for retired State employees and teachers.

9                           \* \* \* Vermont State Employees' Retirement System \* \* \*

10   \* \* \* Pension Benefits \* \* \*

11           Sec. 2. 3 V.S.A. § 455 is amended to read:

12           § 455. DEFINITIONS

13           (a) As used in this subchapter:

14   \* \* \*

15           (4) "Average final compensation" means:

16           (A) For a Group A ~~and a~~ Group F, **or Group G** member, the average  
17           annual earnable compensation of a member during the three consecutive fiscal  
18           years beginning July 1 and ending June 30 of creditable service affording the  
19           highest average, or during all of the years of creditable service if fewer than  
20           three years. If the member's highest three years of earnable compensation are  
21           the three years prior to separation of service and the member separates prior to

1 the end of a fiscal year, average final compensation shall be determined by  
2 adding:

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

6 (ii) The earnable compensation and service credit earned in the  
7 preceding two fiscal years.

8 (iii) The remaining service credit that is needed to complete the  
9 three full years, which shall be factored from the fiscal year preceding the two  
10 fiscal years described in subdivision (ii) of this subdivision (A). The earnable  
11 compensation associated with this remaining service credit shall be calculated  
12 by multiplying the annual earnable compensation reported by the remaining  
13 service credit that is needed.

14 \* \* \*

15 (C) For purposes of determining average final compensation for  
16 Group A or Group C members, a member who has accumulated unused sick  
17 leave at retirement shall be deemed to have worked the full normal working  
18 time for his or her position for 50 percent of such leave, at his or her full rate of  
19 compensation in effect at the date of his or her retirement. For purposes of  
20 determining average final compensation for Group F **or Group G** members,  
21 unused annual or sick leave, termination bonuses, and any other compensation

1 for service not actually performed shall be excluded. The average final  
2 compensation for a State's Attorney and the Defender General shall be  
3 determined by the State's Attorney's or the Defender General's highest annual  
4 compensation earned during his or her creditable service.

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

10 (E) For Group A, **C, ~~F~~, or G** members who retire on or after July 1,  
11 2012, an increase in compensable hours in any year used to calculate average  
12 final compensation that exceeds 120 percent of average compensable hours  
13 shall be excluded from that year when calculating average final compensation.

14 (F) For a Group D member:

15 (i) Who retires on or before June 30, 2022, the member's final  
16 salary.

17 (ii) Who retires on or after July 1, 2022, but who, on or before  
18 June 30, 2022, has five years or more of service as a Supreme Court Justice, a  
19 Superior judge, an Environmental judge, a District judge, or a Probate judge,  
20 or any combination thereof, and has attained 57 years of age or older, or is a

1 Group D member on or before June 30, 2022 and has 15 years or more of  
2 creditable service, the member's final salary.

3 (iii) Who retires on or after July 1, 2022 and who does not meet  
4 the requirements set forth in subdivisions (i) and (ii) of this subdivision (F), the  
5 average annual earnable compensation of a member during the two  
6 consecutive fiscal years beginning on July 1 and ending on June 30 of  
7 creditable service affording the highest such average, or during all of the years  
8 in the member's creditable service if fewer than two years. If the member  
9 separates prior to the end of a fiscal year, average final compensation shall be  
10 determined by adding:

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

14 (II) The earnable compensation and service credit earned in the  
15 preceding fiscal year.

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

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\* \* \*

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

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

(B) [Repealed.]

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

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

(E) “Group F member” ~~shall mean~~ means any person who is first included in the membership of the System on or after January 1, 1991, any person who was a Group E member on December 31, 1990, who was in service on that date, and any person who was a Group E member on December

1 31, 1990, who was absent from service on that date who returns to service on  
2 or after January 1, 1991.

3 (F) “Group G member” means the following employees who are first  
4 employed in the positions listed herein on or after [July 1, 2022], or who are  
5 members of the System as of [June 30, 2022] and make an irrevocable election  
6 to prospectively join Group G on or before [June 30, 2023], pursuant to the  
7 terms set by the Board: facility employees of the Department of Corrections,  
8 as Department of Corrections employees who provide direct security and  
9 treatment services to offenders under supervision in the community, as  
10 employees of a facility for justice-involved youth, or as Vermont State  
11 Hospital employees or as employees of its successor in interest, who provide  
12 direct patient care.

13 \* \* \*

14 (13) “Normal retirement date” ~~shall mean~~ means:

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

20 (B) with respect to a Group C member, the first day of the calendar  
21 month next following attainment of ~~age 55~~ years of age, and following

1 completion of five years of creditable service for those members hired on or  
2 after July 1, 2004, or completion of 30 years of service, whichever is earlier;

3 (C) with respect to a Group D member;

4 (i) for those members first appointed or elected on or before  
5 June 30, 2022, the first day of the calendar month next following attainment of  
6 age 62 years of age and completion of five years of creditable service; or

7 (ii) for those members first appointed or elected on or after July 1,  
8 2022, the first day of the calendar month next following attainment of 65 years  
9 of age and completion of five years of creditable service; and

10 (D) with respect to a Group F member, the first day of the calendar  
11 month next following attainment of age 62 years of age, and following  
12 completion of five years of creditable service for those members hired on or  
13 after July 1, 2004, or completion of 30 years of creditable service, whichever is  
14 earlier; and with respect to a Group F member first included in the membership  
15 of the system on or after July 1, 2008, the first day of the calendar month next  
16 following attainment of age 65 years of age and following completion of five  
17 years of creditable service, or attainment of 87 points reflecting a combination  
18 of the age of the member and number of years of service, whichever is earlier.

19 (E) with respect to a Group G member:

20 (i) for facility employees of the Department of Corrections,  
21 Department of Corrections employees who provide direct security and

1 treatment services to offenders under supervision in the community, employees  
2 of a facility for justice-involved youth, or employees of the Vermont State  
3 Hospital or its successor in interest, who provide direct patient care, who were  
4 first included in the membership of the System on or before June 30, 2008,  
5 who were employed as of [June 30, 2022], and who made an irrevocable  
6 election to prospectively join Group G on or before [July 1, 2023], pursuant to  
7 the terms set by the Board, the first day of the calendar month next following  
8 the earlier of (I) 62 years of age and following completion of five years of  
9 creditable service, (II) completion of 30 years of creditable service, or (III) 55  
10 years of age and following completion of 20 years of creditable service; or  
11 (ii) for facility employees of the Department of Corrections,  
12 Department of Corrections employees who provide direct security and  
13 treatment services to offenders under supervision in the community, as  
14 employees of a facility for justice-involved youth, or employees of the  
15 Vermont State Hospital or its successor in interest, who provide direct patient  
16 care, who were first included in the membership of the System on or after July  
17 1, 2008, who were employed as of [June 30, 2022], and who made an  
18 irrevocable election to prospectively join Group G on or before [July 1, 2023],  
19 pursuant to the terms set by the Board, the first day of the calendar month next  
20 following the earlier of (I) 65 years of age and following completion of five  
21 years of creditable service, (II) attainment of 87 points reflecting a

1 combination of the age of the member and number of years of service, or (III)  
2 55 years of age and following completion of 20 years of creditable service;  
3 (iii) for facility employees of the Department of Corrections,  
4 Department of Corrections employees who provide direct security and  
5 treatment services to offenders under supervision in the community, employees  
6 of a facility for justice-involved youth, or employees of the Vermont State  
7 Hospital or its successor in interest, who provide direct patient care, who first  
8 become a Group G member on or after [July 1, 2023], the first day of the  
9 calendar month next following attainment of 55 years of age and following  
10 completion of 20 years of creditable service.

11 \* \* \*

12 Sec. 3. 3 V.S.A. § 457 is amended to read:

13 § 457. MEMBERS

14 \* \* \*

15 (d) Should any Group A, C, D, ~~or F,~~ or G member who has less than five  
16 years of creditable service in any period of five consecutive years after last  
17 becoming a member be absent from service more than three years or should he  
18 or she withdraw his or her contributions, or become a beneficiary or die, he or  
19 she shall thereupon cease to be a member. However, the membership of any  
20 employee entering such classes of military or naval service of the United States  
21 as may be approved by resolution of the Retirement Board, shall be continued

1 during such military or naval service if he or she does not withdraw his or her  
2 contributions, but no such member shall be considered in the service of the  
3 State for the purpose of the Retirement System during such military or naval  
4 service, except as provided in subsection 458(e) of this title.

5 \* \* \*

6 **Sec. 4. 3 V.S.A. § 458 is amended to read:**

7 § 458. CREDITABLE SERVICE; MILITARY SERVICE

8 \* \* \*

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

13 \* \* \*

14 **Sec. 5. 3 V.S.A. § 459 is amended to read:**

15 § 459. NORMAL AND EARLY RETIREMENT

16 (a) Normal retirement.

17 (1) Group A, ~~group~~ Group D, ~~and group~~ Group F, and Group G  
18 members. Any ~~group~~ Group A, ~~group~~ Group D, ~~or group~~ Group F, or Group G  
19 member who has reached his or her normal retirement date may retire on a  
20 normal retirement allowance on the first day of any month after his or her

1 separation from service by filing an application in the manner outlined in  
2 subdivision (3) of this subsection.

3 (2) Group C members. Any ~~group~~ Group C member who is an officer  
4 or employee of the Department of Public Safety assigned to police and law  
5 enforcement duties, including the Commissioner of Public Safety appointed  
6 before July 1, 2000, and who has reached his or her normal retirement date  
7 may retire on a normal retirement allowance, on the first day of any month  
8 after he or she may have separated from service, by filing an application in the  
9 manner outlined in subdivision (3) of this subsection. Any ~~group~~ Group C  
10 member in service shall be retired on a normal retirement allowance on the  
11 first day of the calendar month next following attainment of ~~age 55~~ 57 years of  
12 age. Notwithstanding, it is provided that any such member who is an official  
13 appointed for a term of years may remain in service until the end of ~~his or her~~  
14 the member's term of office or any extension thereto, resulting from  
15 reappointment.

16 \* \* \*

17 (b) Normal retirement allowance.

18 (1) Upon normal retirement, a ~~group~~ Group A member shall receive a  
19 normal retirement allowance ~~which~~ that shall be equal to 50 percent of ~~his or~~  
20 ~~her~~ the member's average final compensation; provided, however, that if the  
21 member has not completed 30 years of creditable service at retirement, or, if

1 earlier, the date of attainment of such age as may be applicable under the  
2 provisions of subdivision (a)(4) of this section, his or her allowance shall be  
3 multiplied by the ratio that the number of his or her years of creditable service  
4 at retirement, or such earlier date, bears to 30.

5 (2)(A) Upon normal retirement, a ~~group~~ Group C member shall receive  
6 a normal retirement allowance ~~which that~~ shall be equal to 50 percent of ~~his or~~  
7 ~~her~~ the member's average final compensation; provided, however, that if the  
8 member has not completed 20 years of creditable service at retirement, or, if  
9 earlier, the date of attainment of such age as may be applicable under the  
10 provisions of subdivision (a)(4) of this section, the member's allowance shall  
11 be multiplied by the ratio that the number of ~~his or her~~ the member's years of  
12 creditable service at retirement, or such earlier date, bears to 20.

13 (B) For a Group C member, for each year of service that is completed  
14 on or after July 1, 2022 after attaining the later of 50 years of age or  
15 completing 20 years of service, a member's maximum normal retirement  
16 allowance shall increase by an amount equal to one and one-half percent of the  
17 member's average final compensation.

18 (3)(A) Group D members ~~who are Justices of the Supreme Court,~~  
19 ~~Superior judges, Environmental judges, and District judges; additional~~  
20 ~~retirement allowance. Justices of the Supreme Court, Superior judges,~~  
21 ~~Environmental judges, and District judges, upon normal retirement ~~under this~~~~

1 ~~section~~, shall receive a normal retirement allowance equal to one and two-  
2 thirds percent of the member's average final compensation times the years of  
3 Group D membership service up to 12 years. Group D members shall receive  
4 an additional retirement allowance according to years of service as a Supreme  
5 Court Justice, a Superior judge, an Environmental judge, ~~or~~ a District judge, or  
6 a Probate judge, or any combination thereof, as follows:

7 (i) After 12 years of service, an additional retirement allowance of  
8 an amount ~~which~~ that, together with the normal service retirement allowance  
9 for the first 12 years, will make the total equal to two-fifths of their ~~salary at~~  
10 ~~retirement~~ average final compensation.

11 (ii) For each year of service in excess of 12 years, an amount  
12 equal to ~~3-1/3~~ three and one-third percent of their ~~salary at retirement~~ average  
13 final compensation shall be added to the retirement allowance as computed in  
14 ~~subsection (a) subdivision (i) of this section~~ subdivision (b)(3)(A). However,  
15 at no time shall the total retirement allowance exceed their salary at retirement.  
16 ~~Such~~ In addition to the normal retirement allowance, such additional retirement  
17 allowance shall be treated as the normal retirement allowance ~~for all purposes~~  
18 ~~of the retirement act~~.

19 (B) ~~In order to qualify for the benefits provided by this title each~~  
20 ~~Justice or judge shall have the maximum employee contribution in accordance~~  
21 ~~with the requirements of the State Employees' Retirement System. These~~

1 ~~provisions shall apply to surviving Justices and judges retired before its~~  
2 ~~enactment, but only from the effective date of its enactment, and not~~  
3 ~~retroactively.~~ The total retirement allowance for Group D members shall be as  
4 follows:

5 (i) For a Group D member who retires on or before June 30, 2022,  
6 the total retirement allowance shall not exceed the member’s salary at  
7 retirement.

8 (ii) For a Group D member who, on or before June 30, 2022, has  
9 five years or more of service as a Supreme Court Justice, a Superior judge, an  
10 Environmental judge, a District judge, or a Probate judge, or any combination  
11 thereof, and has attained 57 years of age or older, or is a Group D member on  
12 or before June 30, 2022 and has 15 years or more of creditable service, the  
13 total retirement allowance shall not exceed the member’s salary at retirement.

14 (iii) For a Group D member who retires on or after July 1, 2022,  
15 and who does not meet the requirements set forth in subdivision (i) or (ii) of  
16 this subdivision (B), the member’s total retirement allowance shall not exceed  
17 80 percent of the member’s average final compensation.

18 ~~(C) For the purposes of this section, years of service as a municipal~~  
19 ~~judge are to be counted as years of service in determining the additional~~  
20 ~~retirement allowance, insofar as they represent years of membership service.~~

21 [Repealed.]

1           ~~(4) Group D members who are Probate judges; additional retirement~~  
2           ~~allowance. Probate judges, having retired under this section, shall be entitled~~  
3           ~~to an additional retirement allowance according to their years in service as~~  
4           ~~follows:~~

5                     ~~(A) Upon completion of 12 years of service an amount which with~~  
6                     ~~service retirement allowance will equal two fifths of the salary at retirement.~~

7                     ~~(B) For each additional year of service, an amount equal to 3 1/3~~  
8                     ~~percent of the salary at retirement shall be added to the retirement allowance as~~  
9                     ~~computed in subsection (a) of this section. Such additional retirement~~  
10                    ~~allowance shall be treated as the normal retirement allowance for all purposes~~  
11                    ~~of the retirement act. [Repealed.]~~

12   \* \* \*

13                    (6)(A) Upon normal retirement pursuant to subdivisions  
14                    455(a)(13)(E)(i) and (iii) of this chapter, a group G member shall receive a  
15                    normal retirement allowance equal to 2 ½ percent of the member's average  
16                    final compensation times years of membership service in Group G. The  
17                    maximum retirement allowance shall be 50 percent of average final  
18                    compensation.

19                    (B) Upon normal retirement pursuant to subdivision 455(a)(13)(E)(ii)  
20                    of this chapter, a Group G member shall receive a normal retirement allowance  
21                    equal to 2 ½ percent of the member's average final compensation times years

1 of membership service in Group G. The maximum retirement allowance shall  
2 be 60 percent of average final compensation.

3 (c) Early retirement.

4 \* \* \*

5 (4) Group G members. Any Group G member who has attained 55  
6 years of age and has completed five years of creditable service may retire on  
7 an early retirement allowance.

8 (d) Early retirement allowance.

9 \* \* \*

10 (3) Upon early retirement, a ~~group~~ Group D member shall receive an  
11 early retirement allowance ~~which~~ that shall be equal to the normal retirement  
12 allowance reduced by one-quarter of one percent for each month the member is  
13 under ~~age 62~~ 65 years of age at the time of early retirement.

14 (4)(A) Upon early retirement, a Group G member who was previously a  
15 Group F member first included in the membership of the System on or before  
16 June 30, 2008, and who elected to transfer into Group G on July 1, 2023  
17 pursuant to the terms set by the Board, shall receive an early retirement  
18 allowance that shall be equal to the normal retirement allowance reduced by  
19 the lesser of (i) one-half of one percent for each month equal to the difference  
20 between the 240 months and the member's months of creditable service, or (ii)

1 an amount that shall be the actuarial equivalent of the normal retirement  
2 allowance computed under subsection (b) of this section.

3 (B) Upon early retirement, a Group G member who was previously a  
4 Group F member first included in the membership of the System on or after  
5 July 1, 2008, and who elected to transfer into Group G on July 1, 2023  
6 pursuant to the terms set by the Board, shall receive an early retirement  
7 allowance that shall be equal to the normal retirement allowance reduced by  
8 the lesser of (i) five-ninths of one percent for each month equal to the  
9 difference between the 240 months and the member's months of creditable  
10 service, or (ii) an amount that shall be the actuarial equivalent of the normal  
11 retirement allowance computed under subsection (b) of this section.

12 (C) Upon early retirement, all Group G members other than those  
13 specified in subdivision (d)(4)(A) of this section shall receive an early  
14 retirement allowance that shall be equal to the normal retirement allowance  
15 reduced by an amount that shall be the actuarial equivalent of the normal  
16 retirement allowance computed under subsection (b) of this section.

17 ~~(4)~~(5) Notwithstanding subdivisions (1) and (2) of this subsection, an  
18 employee of the Department of Fish and Wildlife assigned to law enforcement  
19 duties, an employee of the Military Department assigned to airport firefighting  
20 duties, or a ~~group~~ Group C member shall, upon early retirement, receive an

1 early retirement allowance ~~which~~ that shall be equal to his or her normal  
2 retirement allowance computed under subsection (b) of this section.

3 ~~(5)(6)~~ Notwithstanding subdivisions (1) and (2) of this subsection, a  
4 State's Attorney, the Defender General, or sheriff who has completed 20 years  
5 of creditable service, of which 15 years has been as a State's Attorney, the  
6 Defender General, or sheriff, shall receive an early retirement allowance equal  
7 to the normal retirement allowance, at ~~age~~ 55 years of age, without reductions.

8 \* \* \*

9 Sec. 6. 3 V.S.A. § 459a is amended to read:

10 § 459a. RESTORATION OF SERVICE

11 \* \* \*

12 (b)(1) Upon the subsequent retirement of an employee who once again  
13 became a member under subsection (a) of this section, the employee shall once  
14 again become a beneficiary whose former retirement allowance shall be  
15 restored under the same plan provisions applicable at the time of the initial  
16 retirement, but the beneficiary shall not be entitled to cost of living adjustments  
17 for the period during which he or she was restored to service. In addition to  
18 the former retirement allowance, a beneficiary shall be entitled to a retirement  
19 allowance separately computed for the period beginning with his or her last  
20 restoration to service for which the member has made a contribution. If the  
21 beneficiary is not vested in the system since he or she was last restored to

1 service, the member's contributions plus accumulated interest shall be returned  
2 to him or her.

3 (2) Notwithstanding subdivision (1) of this subsection, for a Group C  
4 member who has attained the later of 50 years of age and has completed 20 or  
5 more years of service, in no event shall the member's separately computed  
6 retirement allowance increase by an amount equal to more than one and one-  
7 half percent of the member's average final compensation per year of service  
8 actually performed during the period beginning with the member's last  
9 restoration to service.

10 **Sec. 7. 3 V.S.A. § 460 is amended to read:**

11 **§ 460. ORDINARY DISABILITY RETIREMENT**

12 (a) Upon the application of a member or of his or her department head not  
13 later than 90 days, or longer for cause shown, after the date the member may  
14 have separated from service, any ~~group~~ Group A, ~~group~~ Group C, ~~group~~  
15 Group D, ~~or group~~ Group F, or Group G member who has had five or more  
16 years of creditable service may be retired by the retirement board on an  
17 ordinary disability retirement allowance, not less than 30 nor more than 90  
18 days after filing such application; provided he or she is not eligible for  
19 accidental disability retirement; provided he or she has requested application  
20 prior to death; and provided that the Medical Board, after a medical  
21 examination of such member, shall certify that the member is mentally or

1 physically incapacitated for the further performance of duty, that such  
2 incapacity has existed since the time of the member's separation from service  
3 and is likely to be permanent, and that he or she should be retired. The  
4 Retirement Board may consider, or may ask the Medical Board or a certified  
5 vocational rehabilitation counselor to consider whether the individual is  
6 disabled from performing other types of suitable work. However, if disability  
7 is denied because the individual is found to be suitable for other work, the  
8 member shall be advised at the time of denial of the following provisions  
9 ~~which~~ that shall apply:

- 10 (1) the individual will retain his or her existing retirement accrual status;
- 11 (2) the State shall provide any necessary retraining;
- 12 (3) there shall be no loss in pay;
- 13 (4) involuntary geographical moves beyond normal commuting distance  
14 are not permitted; and
- 15 (5) before any individual who is reassigned to another position rather  
16 than retired on disability may be terminated for performance reasons, the  
17 individual must first be reconsidered for disability retirement by the  
18 Retirement Board.

19 (b)(1) Upon ordinary disability retirement, a ~~group~~ Group A, ~~group~~  
20 Group D, ~~or group~~ Group F, or Group G member shall receive a normal  
21 retirement allowance equal to the normal retirement benefit accrued to the

1 effective date of the disability retirement; provided, however, that such  
2 allowance shall not be less than 25 percent of his or her average final  
3 compensation at the time of his or her disability retirement.

4 (2) Employees who are not eligible for representation by the Vermont  
5 State Employees' Association, including managerial, confidential, elected, and  
6 appointed officials, judicial, legislative, and exempt employees, who are  
7 employed on February 1, 1997, and whose application for the State's long-term  
8 disability plan is denied solely because of a preexisting condition, shall, if they  
9 are otherwise eligible for ordinary disability retirement, be entitled to a  
10 retirement allowance which, when added to Social Security and/or other  
11 disability payments, equals 662/3 percent of his or her final average  
12 compensation at the time of the disability retirement.

13 \* \* \*

14 **Sec. 8. 3 V.S.A. § 464 is amended to read:**

15 **§ 464. ACCIDENTAL AND OCCUPATIONALLY RELATED DEATH**

16 **BENEFIT**

17 (a) If the Retirement Board shall find on the basis of such evidence as may  
18 come before it that a ~~group~~ Group A, ~~group~~ Group D, ~~or group~~ Group F, ~~or~~  
19 group G member in service died prior to his or her retirement under the system  
20 as the natural and proximate result of an accident occurring at a definite time  
21 and place during the course of his or her performance of duty as an employee

1 and that such accident was not the result of the member's own gross  
2 negligence or willful misconduct, a retirement allowance shall be paid to his or  
3 her designated dependent beneficiary during his or her life.

4 \* \* \*

5 **Sec. 9. 3 V.S.A. § 465 is amended to read:**

6 **§ 465. TERMINATION OF SERVICE; ORDINARY DEATH BENEFIT**

7 \* \* \*

8 (c) If a Group A, Group D, **or Group F, or Group G** member dies in service  
9 after becoming eligible for early retirement or after completing 10 years of  
10 creditable service, a retirement allowance will be payable to the member's  
11 designated dependent beneficiary during his or her life. If the designated  
12 dependent beneficiary so elects, however, the return of the member's  
13 accumulated contributions shall be made in lieu thereof.

14 \* \* \*

15 **Sec. 10. 3 V.S.A. § 470 is amended to read:**

16 **§ 470. POSTRETIREMENT ADJUSTMENTS TO RETIREMENT**  
17 **ALLOWANCES**

18 (a) ~~For Group A, Group C, and Group D members, as of June 30th in each~~  
19 ~~year, commencing June 30, 1972, a determination shall be made of any~~  
20 ~~increase or decrease, to the nearest one-tenth of a percent, in the ratio of the~~  
21 ~~average of the Consumer Price Index for the month ending on that date to the~~

1 average of said index for the month ending on June 30, 1971, or the month  
2 ending on June 30th of the most recent year subsequent thereto. In the event of  
3 an increase, and provided that the net increase following the application of any  
4 offset as provided in this subsection equals or exceeds one percent, the  
5 retirement allowance of each beneficiary in receipt of an allowance for at least  
6 one year on the next following December 31st shall be increased by an equal  
7 percentage. Such increase shall commence on the January 1st immediately  
8 following such December 31st. Such percentage increase shall also be made in  
9 the retirement allowance payable to a beneficiary in receipt of an allowance  
10 under an optional election, provided the member on whose account the  
11 allowance is payable and such other person shall have received a total of at  
12 least 12 monthly payments by such December 31st. In the event of a decrease  
13 of the Consumer Price Index as of June 30th for the preceding year, the  
14 retirement allowance of a beneficiary shall not be subject to any adjustment on  
15 the next following January 1st; provided, however, that:

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

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

1 ~~years of such increases, until fully offset.~~ Postretirement adjustments to  
2 retirement allowance. Beginning January 1, 2023 and each year thereafter, the  
3 retirement allowance of each beneficiary of the System who is in receipt of a  
4 retirement allowance and who meets the eligibility criteria set forth in this  
5 section shall be adjusted by the amount described in subsection (d) of this  
6 section. In no event shall a beneficiary receive a negative adjustment to the  
7 beneficiary's retirement allowance.

8 (b) ~~For Group F members, as of June 30th in each year, commencing~~  
9 ~~January 1, 1991, a determination shall be made of any increase or decrease, to~~  
10 ~~the nearest one-tenth of a percent of the Consumer Price Index for the~~  
11 ~~preceding fiscal year. In the event of an increase, and provided that there~~  
12 ~~exists a net increase following the application of any offset as provided in this~~  
13 ~~subsection, the retirement allowance of each beneficiary in receipt of an~~  
14 ~~allowance for at least one year on the next following December 31st shall be~~  
15 ~~increased by an amount equal to one-half of the net percentage increase.~~

16 ~~Commencing January 1, 2014, the retirement allowance of each beneficiary~~  
17 ~~who was an active contributing member of the Group F plan on or after~~  
18 ~~June 30, 2008, and who retires on or after July 1, 2008, shall be increased by~~  
19 ~~an amount equal to the net percentage increase. The increase shall commence~~  
20 ~~on the January 1st immediately following such December 31st. The increase~~  
21 ~~shall apply to Group F members receiving an early retirement allowance only~~

1 ~~in the year following attainment of normal retirement age, provided the~~  
2 ~~member has received benefits for at least 12 months as of December 31st of~~  
3 ~~the year preceding any January adjustment. In the event of a decrease of the~~  
4 ~~Consumer Price Index as of June 30th for the preceding year, the retirement~~  
5 ~~allowance of a beneficiary shall not be subject to any adjustment on the next~~  
6 ~~following January 1st; provided, however, that:~~

7 ~~(1) such decrease shall be applied as an offset against the first~~  
8 ~~subsequent year's increase of the Consumer Price Index, up to the full amount~~  
9 ~~of such increase; and~~

10 ~~(2) to the extent that such decrease is greater than such subsequent~~  
11 ~~year's increase, such decrease shall be offset in the same manner against two~~  
12 ~~or more years of such increases, for up to but not exceeding five subsequent~~  
13 ~~years of such increases, until fully offset. Calculation of net percentage~~  
14 ~~increase.~~

15 (1) Consumer Price Index; maximum and minimum amounts. Prior to  
16 October 1 of each year, a determination shall be made of any increase or  
17 decrease, to the nearest one-tenth of a percent, in the Consumer Price Index for  
18 the month ending on June 30 of that year to the average of said index for the  
19 month ending on June 30 of the previous year. Any increase or decrease in the  
20 Consumer Price Index shall be subject to adjustment so as to remain within the  
21 following maximum and minimum amounts:

1           (A) For Group A members, the maximum amount of any increase or  
2           decrease used to determine the net percentage increase shall be five percent.

3           (B) For Group C members who are first eligible for normal  
4           retirement or unreduced early retirement on or before June 30, 2022, or who  
5           are vested deferred members as of June 30, 2022, the maximum amount of any  
6           increase or decrease used to determine the net percentage increase shall be five  
7           percent.

8           (C) For Group C members who are first eligible for normal  
9           retirement or unreduced early retirement on or after July 1, 2022, the  
10          maximum amount of any increase or decrease used to determine the net  
11          percentage increase shall be four percent.

12          (D) For Group D members, the maximum amount of any increase or  
13          decrease used to determine the net percentage increase shall be five percent.

14          (E) For Group F members who are first eligible for normal retirement  
15          or unreduced early retirement on or before June 30, 2022, or who are vested  
16          deferred members as of June 30, 2022, the maximum amount of any increase  
17          or decrease used to determine the net percentage increase shall be five percent.  
18          In the event that there is an increase or decrease of less than one percent, the  
19          net percentage increase shall be assigned a value of one percent and shall not  
20          be subject to further adjustment pursuant to subsection (d) of this section.

1           (F) For Group F and Group G members who are first eligible for  
2           normal retirement or unreduced early retirement on or after July 1, 2022, the  
3           maximum amount of any increase or decrease used to determine the net  
4           percentage increase shall be four percent.

5           (2) Consumer Price Index; decreases. In the event of a decrease in the  
6           Consumer Price Index, there shall be no adjustment to retirement allowances  
7           for the subsequent year beginning January 1; provided, however, that:

8           (A) such decrease shall be applied as an offset against the first  
9           subsequent year's increase of the Consumer Price Index, up to the full amount  
10           of such increase; and

11           (B) to the extent that such decrease is greater than such subsequent  
12           year's increase, such decrease shall be offset in the same manner against two  
13           or more years of such increases, for up to but not exceeding five subsequent  
14           years of such increases, until fully offset.

15           (3) Consumer Price Index; increases. In the event of an increase in the  
16           Consumer Price Index, and provided there remains an increase following the  
17           application of any offset as in subdivision (2) of this subsection, that amount  
18           shall be identified as the net percentage increase and used to determine the  
19           members' postretirement adjustment as described herein.

20           ~~(c) For purposes of subsection (a) of this section, the maximum amount of~~  
21           ~~any increase or decrease utilized to determine the net percentage increase shall~~

1 ~~be five percent. For purposes of subsection (b) of this section, the maximum~~  
2 ~~amount of any increase or decrease utilized to determine the net percentage~~  
3 ~~increase shall be five percent, and any increase or decrease of less than one~~  
4 ~~percent shall be assigned a value of one percent. Eligibility for postretirement~~  
5 ~~adjustment. In order for a beneficiary to receive a postretirement adjustment to~~  
6 ~~the beneficiary's retirement allowance, the beneficiary must meet the~~  
7 ~~following eligibility requirements:~~

8 (1) Retired and vested deferred on or before June 30, 2022. For all  
9 members who are retired or vested deferred on or before June 30, 2022, other  
10 than those Group F members on an early retirement allowance who have not  
11 reached normal retirement age, as specified in subdivision (4) of this  
12 subsection, the member must be in receipt of a retirement allowance for at least  
13 12 months prior to the January 1 effective date of any postretirement  
14 adjustment.

15 (2) In service on or before June 30, 2022. For all Group A, C, and F  
16 members who are first eligible for normal retirement or unreduced early  
17 retirement on or before June 30, 2022, and for Group D members first  
18 appointed or elected on or before June 30, 2022, the member must be in receipt  
19 of a retirement allowance for at least 12 months prior to the January 1 effective  
20 date of any postretirement adjustment.

1           (3) In service on or after July 1, 2022. For all Group A, C, F, and G  
2           members who are first eligible for normal retirement or unreduced early  
3           retirement on or after July 1, 2022, and for Group D members first appointed  
4           or elected on or after July 1, 2022, the member must be in receipt of a  
5           retirement allowance for at least 24 months prior to the January 1 effective date  
6           of any postretirement adjustment.

7           (4) Special rule for Group F and Group G early retirement. A Group F  
8           or Group G member in receipt of an early retirement allowance shall not  
9           receive a postretirement adjustment to the member’s retirement allowance until  
10          such time as the member has reached normal retirement age, provided the  
11          member has also met the other eligibility criteria set forth in this subsection.

12          ~~(d) For purposed of this section, Consumer Price Index shall mean the~~  
13          ~~Northeast Region Consumer Price Index for all urban consumers, designated as~~  
14          ~~“CPI-U,” in the northeast region, as published by the U.S. Department of~~  
15          ~~Labor, Bureau of Labor Statistics.~~ Amount of postretirement adjustment. The  
16          postretirement adjustment for each member who meets the eligibility criteria  
17          set forth in subsection (c) of this section shall be as follows:

18                 (1) the full amount of the net percentage increase calculated in  
19                 subsection (b) of this section for the following:

1           (A) Group A and C members, provided that the net increase  
2           following the application of any offset as provided in this section equals or  
3           exceeds one percent;

4           (B) Group D members first appointed or elected on or before  
5           June 30, 2022, provided that the net increase following the application of any  
6           offset as provided in this section equals or exceeds one percent; and

7           (C) commencing January 1, 2014, any active contributing member of  
8           the Group F or Group G plan on or after June 30, 2008, and who retires as a  
9           Group F or Group G member on or after July 1, 2008;

10           (2) one-half of the net percentage increase calculated in subsection (b)  
11           of this section for Group F members who retired on or before June 30, 2008;

12           (3) for Group D members first appointed or elected on or after  
13           July 1, 2022, provided that the net increase following the application of any  
14           offset as provided in this section equals or exceeds one percent, the full amount  
15           of the net percentage increase calculated in subsection (b) of this section for  
16           amounts equal to or less than \$75,000.00 of annual retirement allowance and  
17           one-half the net percentage increase calculated in subsection (b) of this section  
18           for amounts \$75,000.01 or greater of annual retirement allowance.

19           (e) Definition. For purposes of this section:

20           (1) “Consumer Price Index” means the Northeast Region Consumer  
21           Price Index for all urban consumers, designated as “CPI-U,” in the northeast

1 region, as published by the U.S. Department of Labor, Bureau of Labor  
2 Statistics.

3 (2) “Vested deferred” means a member who receives a vested deferred  
4 allowance payable pursuant to subsection 465(a) of this title.

5 (f) Deferred vested allowance. No increase shall be made pursuant to this  
6 section in a deferred vested allowance payable pursuant to subsection 465(a) of  
7 this title prior to its commencement.

8 Sec. 11. 3 V.S.A. § 473 is amended to read:

9 § 473. FUNDS

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

12 (b) Member contributions.

13 (1)(A) Allocations. Contributions deducted from the compensation of  
14 members together with any member contributions transferred thereto from the  
15 predecessor systems shall be accumulated in the Fund and separately recorded  
16 for each member. The amounts so transferred on account of Group A  
17 members shall be allocated between regular and additional contributions. The  
18 amounts so allocated as regular contributions shall be determined as if the rate  
19 of contribution of four percent has been continuously in effect in the  
20 predecessor system from which such amounts were transferred and the balance  
21 of any amount so transferred on account of any Group A member shall be

1 deemed additional contributions. In the case of Group C members who were  
2 members as of the date of establishment and Group D members, all  
3 contributions transferred from predecessor systems shall be deemed regular  
4 contributions. Those members who, prior to the date of establishment of this  
5 system, had been contributing at a rate less than four percent shall have any  
6 benefit otherwise payable on their behalf actuarially reduced to reflect such  
7 prior contribution rate of less than four percent. Upon a member's retirement  
8 or other withdrawal from service on the basis of which a retirement allowance  
9 is payable, the member's additional contributions, with interest thereon, shall  
10 be paid as an additional allowance equal to an annuity ~~which~~ that is the  
11 actuarial equivalent of such amount, in the same manner as the benefit  
12 otherwise payable under the System.

13 (B) Periodic review. When the State Employees' Retirement System  
14 has been determined by the actuary to have assets at least equal to its accrued  
15 liability, contribution rates will be reevaluated by the actuary with a  
16 subsequent recommendation to the General Assembly. In determining the  
17 amount earnable by a member in a payroll period, the Retirement Board may  
18 consider the annual or other periodic rate of earnable compensation payable to  
19 such member on the first day of the payroll period as continuing throughout  
20 such payroll period, and it may omit deduction from compensation for any  
21 period less than a full payroll period if an employee was not a member on the

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

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

1 ~~such an amount as, on an annual basis, shall not exceed one-tenth of one~~  
2 ~~percent of the annual earnable compensation upon the basis of which such~~  
3 ~~deduction is to be made. Each of the amounts shall be deducted until the~~  
4 ~~member retires or otherwise withdraws from service, and when deducted shall~~  
5 ~~be paid into the Annuity Savings Fund, and shall be credited to the individual~~  
6 ~~account of the member from whose compensation the deduction was made.~~

7 (B) Group C members.

8 (i) Commencing the first full pay period in fiscal year 2023, the  
9 contribution rate for Group C members shall be 8.93 percent of compensation.

10 (ii) Commencing the first full pay period in fiscal year 2024, the  
11 contribution rate for Group C members shall be 9.43 percent of compensation.

12 (iii) Commencing the first full pay period in fiscal year 2025 and  
13 annually thereafter, the contribution rate for Group C members shall be 9.93  
14 percent of compensation.

15 (C) Group D members. Commencing on July 1, 2022, the  
16 contribution rate for Group D members shall be based on the quartile in which  
17 a member's hourly rate of pay falls. Quartiles shall be determined annually in  
18 the first full pay period of each fiscal year by the Department of Human  
19 Resources based on the hourly rate of pay by all Group D members. The  
20 contribution rates shall be based on the schedule set forth below:

1                   (i) Based on the quartiles for the first full pay period of each fiscal  
2                   year and effective the first full pay period in that fiscal year, for members who  
3                   have an hourly rate of pay in any pay period below the 25th percentile of  
4                   Group D member hourly rates of pay, the contribution rate shall be 6.55  
5                   percent of compensation.

6                   (ii) Based on the quartiles for the first full pay period of each  
7                   fiscal year and effective the first full pay period in that fiscal year, for members  
8                   who have an hourly rate of pay in any pay period at the 25th percentile and  
9                   below the 50th percentile of Group D member hourly rates of pay, the  
10                  contribution rate shall be as follows:

11                   (I) commencing in fiscal year 2023, 7.05 percent of  
12                  compensation;

13                   (II) commencing in fiscal year 2024, 7.55 percent of  
14                  compensation; and

15                   (III) commencing in fiscal year 2025 and annually thereafter,  
16                  8.05 percent of compensation.

17                   (iii) Based on the quartiles for the first full pay period of each  
18                  fiscal year and effective the first full pay period in that fiscal year, for members  
19                  who have an hourly rate of pay in any pay period at the 50th percentile and  
20                  below the 75th percentile of Group D member hourly rates of pay, the  
21                  contribution rate shall be as follows:

1                   (I) commencing in fiscal year 2023, 7.05 percent of  
2                   compensation;

3                   (II) commencing in fiscal year 2024, 7.55 percent of  
4                   compensation;

5                   (III) commencing in fiscal year 2025, 8.05 percent of  
6                   compensation; and

7                   (IV) commencing in fiscal year 2026 and annually thereafter,  
8                   8.55 percent of compensation.

9                   (iv) Based on the quartiles for the first full pay period of each  
10                  fiscal year and effective the first full pay period in that fiscal year, for members  
11                  who have an hourly rate of pay in any pay period at or above the 75th  
12                  percentile of Group D member hourly rates of pay, the contribution rate shall  
13                  be as follows:

14                  (I) commencing in fiscal year 2023, 7.05 percent of  
15                  compensation;

16                  (II) commencing in fiscal year 2024, 7.55 percent of  
17                  compensation;

18                  (III) commencing in fiscal year 2025, 8.05 percent of  
19                  compensation;

20                  (IV) commencing in fiscal year 2026, 8.55 percent of  
21                  compensation; and

1                   (V) commencing in fiscal year 2027 and annually thereafter,  
2                   9.05 percent of compensation.

3                   (D) Group F members. Commencing on July 1, 2022, the  
4                   contribution rate for Group F members shall be based on the quartile in which  
5                   a member’s hourly rate of pay falls. Quartiles shall be determined annually in  
6                   the first full pay period of each fiscal year by the Department of Human  
7                   Resources based on the hourly rate of pay of all Group F members. The  
8                   contribution rates shall be based on the schedule set forth below:

9                   (i) Based on the quartiles for the first full pay period of each fiscal  
10                  year and effective the first full pay period in that fiscal year, for members who  
11                  have an hourly rate of pay in any pay period below the 25th percentile of  
12                  Group F member hourly rates of pay, the contribution rate shall be 6.55 percent  
13                  of compensation.

14                  (ii) Based on the quartiles for the first full pay period of each  
15                  fiscal year and effective the first full pay period in that fiscal year, for members  
16                  who have an hourly rate of pay in any pay period at the 25th percentile and  
17                  below the 50th percentile of Group F member hourly rates of pay, the  
18                  contribution rate shall be as follows:

19                  (I) commencing in fiscal year 2023, 7.05 percent of  
20                  compensation;

1                   (II) commencing in fiscal year 2024, 7.55 percent of  
2                   compensation; and

3                   (III) commencing in fiscal year 2025 and annually thereafter,  
4                   8.05 percent of compensation.

5                   (iii) Based on the quartiles for the first full pay period of each  
6                   fiscal year and effective the first full pay period in that fiscal year, for members  
7                   who have an hourly rate of pay in any pay period at the 50th percentile and  
8                   below the 75th percentile of Group F member hourly rates of pay, the  
9                   contribution rate shall be as follows:

10                   (I) commencing in fiscal year 2023, 7.05 percent of  
11                   compensation;

12                   (II) commencing in fiscal year 2024, 7.55 percent of  
13                   compensation;

14                   (III) commencing in fiscal year 2025, 8.05 percent of  
15                   compensation; and

16                   (IV) commencing in fiscal year 2026 and annually thereafter,  
17                   8.55 percent of compensation.

18                   (iv) Based on the quartiles for the first full pay period of each  
19                   fiscal year and effective the first full pay period in that fiscal year, for members  
20                   who have an hourly rate of pay in any pay period at or above the 75th

1 percentile of Group F member hourly rates of pay, the contribution rate shall  
2 be as follows:

3 (I) commencing in fiscal year 2023, 7.05 percent of  
4 compensation;

5 (II) commencing in fiscal year 2024, 7.55 percent of  
6 compensation;

7 (III) commencing in fiscal year 2025, 8.05 percent of  
8 compensation;

9 (IV) commencing in fiscal year 2026, 8.55 percent of  
10 compensation; and

11 (V) commencing in fiscal year 2027 and annually thereafter,  
12 9.05 percent of compensation.

13 (E) Group G members. Commencing on July 1, 2023, the  
14 contribution rate for Group G members shall be based on the quartile in which  
15 a member's hourly rate of pay falls. Quartiles shall be determined annually in  
16 the first full pay period of each fiscal year by the Department of Human  
17 Resources based on the hourly rate of pay of all Group G members. The  
18 contribution rates shall be based on the schedule set forth below:

19 (i) Based on the quartiles for the first full pay period of each fiscal  
20 year and effective the first full pay period in that fiscal year, for members who  
21 have an hourly rate of pay in any pay period below the 25th percentile of

1 Group G member hourly rates of pay, the contribution rate shall be 11.23  
2 percent of compensation.

3 (ii) Based on the quartiles for the first full pay period of each  
4 fiscal year and effective the first full pay period in that fiscal year, for members  
5 who have an hourly rate of pay in any pay period at the 25th percentile and  
6 below the 50th percentile of Group G member hourly rates of pay, the  
7 contribution rate shall be as follows:

8 (I) commencing in fiscal year 2024, 12.23 percent of  
9 compensation; and

10 (II) commencing in fiscal year 2025 and annually thereafter,  
11 12.73 percent of compensation.

12 (iii) Based on the quartiles for the first full pay period of each  
13 fiscal year and effective the first full pay period in that fiscal year, for members  
14 who have an hourly rate of pay in any pay period at the 50th percentile and  
15 below the 75th percentile of Group F member hourly rates of pay, the  
16 contribution rate shall be as follows:

17 (I) commencing in fiscal year 2024, 12.23 percent of  
18 compensation;

19 (II) commencing in fiscal year 2025, 12.73 percent of  
20 compensation; and

1                    (III) commencing in fiscal year 2026 and annually thereafter,  
2                    13.23 percent of compensation.

3                    (iv) Based on the quartiles for the first full pay period of each  
4                    fiscal year and effective the first full pay period in that fiscal year, for members  
5                    who have an hourly rate of pay in any pay period at or above the 75th  
6                    percentile of Group F member hourly rates of pay, the contribution rate shall  
7                    be as follows:

8                    (I) commencing in fiscal year 2024, 12.23 percent of  
9                    compensation;

10                    (II) commencing in fiscal year 2025, 12.73 percent of  
11                    compensation;

12                    (III) commencing in fiscal year 2026, 13.23 percent of  
13                    compensation; and

14                    (IV) commencing in fiscal year 2027 and annually thereafter,  
15                    13.73 percent of compensation.

16                    (3) Deductions. The deductions provided for herein shall be made  
17                    notwithstanding that the minimum compensation provided for by law for any  
18                    member shall be reduced thereby. Every member shall be deemed to consent  
19                    and agree to the deductions made and provided herein and shall receipt for full  
20                    compensation, and payment of compensation less such deduction shall be a full  
21                    and complete discharge and acquittance of all claims and demands whatsoever

1 for the services rendered by such person during the period covered by such  
2 payment, except as to the benefits provided under this subchapter.

3 (4) Additional contributions. Subject to the approval of the Retirement  
4 Board, in addition to the contributions deducted from compensation as  
5 hereinbefore provided, any member may redeposit in the Fund by a single  
6 payment or by an increased rate of contribution an amount equal to the total  
7 amount ~~which~~ that the member previously withdrew from this System or one  
8 of the predecessor systems; or any member may deposit therein by a single  
9 payment or by an increased rate of contribution an amount computed to be  
10 sufficient to purchase an additional annuity ~~which~~ that, together with  
11 prospective retirement allowance, will provide for the member a total  
12 retirement allowance not in excess of one-half of average final compensation at  
13 normal retirement date, with the exception of Group D members for whom  
14 creditable service shall be restored upon redeposits of amounts previously  
15 withdrawn from the System, or for whom creditable service shall be granted  
16 upon deposit of amounts equal to what would have been paid if payment had  
17 been made during any period of service during which such a member did not  
18 contribute. Such additional amounts so deposited shall become a part of the  
19 member's accumulated contributions as additional contributions.

20 (5) Beneficiaries. The contributions of a member and such interest as  
21 may be allowed thereon ~~which~~ that are withdrawn by the member or paid to

1 the member estate or to a designated beneficiary in event of the member's  
2 death; shall be paid from the Fund.

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

6 (7) [Repealed.]

7 (c) Employer contributions, earnings, and payments.

8 \* \* \*

9 (8) Annually, the Board shall certify an amount to pay the annual  
10 actuarially determined employer contribution, as calculated in this subsection,  
11 and additional amounts as follows:

12 (A) in fiscal year 2024, the amount of \$9,000,000.00;

13 (B) in fiscal year 2025, the amount of \$12,000,000.00; and

14 (C) in fiscal year 2026 and in any year thereafter when the Fund is  
15 calculated to have a funded ratio of less than 90 percent, the amount of  
16 \$15,000,000.00.

17 \* \* \*

18 **Sec. 12. 3 V.S.A. § 477a is amended to read:**

19 **§ 477a. ELECTIONS**

20 \* \* \*

1 (h) When a Group F member has a minimum of 25 years of creditable  
2 service, he or she may elect to purchase up to five years of additional service  
3 credit. A member who makes an election under this subsection shall deposit in  
4 the fund by a single contribution, an amount computed at regular interest to be  
5 sufficient to provide at normal retirement an annuity equal to 1-2/3 percent of  
6 the member's average final compensation multiplied by the number of years  
7 purchased.

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

9 § 479. GROUP INSURANCE

10 (a) As provided under section 631 of this title, a member who is insured by  
11 the respective group insurance plans immediately preceding the member's  
12 effective date of retirement shall be entitled to continuation of group insurance  
13 as follows:

14 (1)(A) coverage in the group medical benefit plan provided by the State  
15 of Vermont for active State employees; or

16 (B) for a Group F and Group G plan member first included in the  
17 membership of the system on or after July 1, 2008, coverage in the group  
18 medical benefit plan offered by the State of Vermont for active State  
19 employees and pursuant to the following, provided:

1 (i) a member who has completed five years and less than 10 years  
2 of creditable service at his or her retirement shall pay the full cost of the  
3 premium;

4 (ii) a member who has completed 10 years and less than 15 years  
5 of creditable service at his or her retirement shall pay 60 percent of the cost of  
6 the premium;

7 (iii) a member who has completed 15 years and less than 20 years  
8 of creditable service at his or her retirement shall pay 40 percent of the cost of  
9 the premium;

10 (iv) a member who has completed 20 years or more of creditable  
11 service at his or her retirement shall pay 20 percent of the cost of the premium;  
12 and

13 (2) members who have completed 20 years of creditable service at their  
14 effective date of retirement shall be entitled to the continuation of life  
15 insurance in the amount of \$10,000.00.

16 \* \* \*

17 (g) A member of the Group F or Group G plan who is first included in the  
18 membership of the System on or after July 1, 2008, who separates from service  
19 prior to being eligible for retirement benefits under this chapter, who has at  
20 least 20 years of creditable service, and who participated in the group medical  
21 benefit plan at the time of separation from service shall have a one-time option

1 at the time retirement benefits commence to reinstate the same level of  
2 coverage, in the group medical benefit plan provided by the State of Vermont  
3 for active State employees, that existed at the date of separation from service.  
4 Premiums for the plan shall be prorated between the retired member and the  
5 Retirement System pursuant to subsection 479(a) of this title.

6 \* \* \*

7 **Sec. 14. ONE-TIME IRREVOCABLE ELECTION FOR CERTAIN**  
8 **CORRECTIONS WORKERS**

9 (a) On or before [September 15, 2022], the Department of Human  
10 Resources, in consultation with the State Treasurer's office, shall establish a  
11 list of positions eligible for Group G of the Vermont State Employees'  
12 Retirement System. The list of Group G-eligible positions shall be limited to  
13 the following State employees:

14 (1) facility employees of the Department of Corrections;

15 (2) Department of Corrections employees who provide direct security  
16 and treatment services to offenders under supervision in the community;

17 (3) employees of a facility for justice-involved youth; and

18 (4) employees of the Vermont State Hospital or its successor in interest,  
19 who provide direct patient care.

1       **(b) It is the intent of the General Assembly that Group G-eligible positions**  
2       **include those positions that are currently eligible for unreduced early**  
3       **retirement pursuant to 3 V.S.A. § 459(d)(2).**

4       **(c) In establishing any new corrections position after July 1, 2023, the**  
5       **Department of Human Resources shall identify that position as eligible for**  
6       **either Group G, pursuant to the criteria set forth in subsection (a), or Group F.**

7       **(d) Each person employed in a Group G-eligible position shall have a one-**  
8       **time option to transfer to the Group G plan. Election to join the group G plan**  
9       **under this subsection shall be made on or before June 30, 2023 and shall be**  
10       **irrevocable.**

11       **(e) The effective date of participation in a new group plan for those**  
12       **employees covered under this section and who elect to transfer shall be July 1,**  
13       **2023. All past service accrued through the date of transfer shall be calculated**  
14       **based upon the plan in which it was accrued, with all provisions and penalties,**  
15       **if applicable, applied.**

16                   \* \* \* Other Postemployment Benefits \* \* \*

17       Sec. 15. 3 V.S.A. § 479a is amended to read:

18       § 479a. STATE EMPLOYEES' POSTEMPLOYMENT BENEFITS TRUST  
19                   FUND

20                   \* \* \*

21       (b) Into the Benefits Fund shall be deposited:

1           (1) all assets remitted to the State as a subsidy on behalf of the members  
2 of the Vermont State Employees' Retirement System for employer-sponsored  
3 qualified prescription drug plans pursuant to the Medicare Prescription Drug  
4 Improvement and Modernization Act of 2003, except that any subsidy received  
5 from an Employer Group Waiver Program is not subject to this requirement;

6           (2) any appropriations by the General Assembly for the purposes of  
7 paying current and future retiree postemployment benefits for members of the  
8 Vermont State Employees' Retirement System; ~~and~~

9           (3) amounts contributed or otherwise made available by members of the  
10 System or their beneficiaries for the purpose of paying current or future  
11 postemployment benefits costs; and

12           (4) any monies pursuant to subsection (e) of this section.

13           (c) The Benefits Fund shall be administered by the State Treasurer. The  
14 Treasurer may invest monies in the Benefits Fund in accordance with the  
15 provisions of 32 V.S.A. § 434 or, in the alternative, may enter into an  
16 agreement with the Commission to invest such monies in accordance with the  
17 standards of care established by the prudent investor rule under 14A V.S.A.  
18 § 902, in a manner similar to the ~~Committee's~~ Commission's investment of  
19 ~~retirements~~ retirement system monies. All balances in the Benefits Fund at the  
20 end of the fiscal year shall be carried forward. Interest earned shall remain in  
21 the Benefits Fund. The Treasurer's annual financial report to the Governor and

1 the General Assembly shall contain an accounting of receipts, disbursements,  
2 and earnings of the Benefits Fund.

3 \* \* \*

4 (e) State Contribution.

5 (1) Beginning on July 1, 2022 and annually thereafter, the State shall  
6 make annual contributions to the Benefits Fund known as the “normal  
7 contribution” and the “accrued liability contribution,” each of which shall be  
8 fixed on the basis of the liabilities of the System as shown by the most recent  
9 actuarial valuation and made by the payroll assessment included in annual  
10 agency and department budgets:

11 (A) The “normal contribution” shall be the amount that, if  
12 contributed over each member’s prospective period of service, will be  
13 sufficient to provide for the payment of all future retiree postemployment  
14 benefits after subtracting the unfunded actuarial liability and the total assets of  
15 the Benefits Fund. The “normal contribution” shall be identified using the  
16 actuarial cost method known as “projected unit credit” and applying a rate of  
17 return equal to the most recently adopted actuarial rate of return pursuant to  
18 section 523 of this title.

19 (B) The “accrued liability contribution” shall be the annual payment  
20 set forth in the most recent actuarial valuation that is necessary to liquidate the

1 unfunded accrued liability over a closed period of 26 years and determined  
2 based on the funding schedule set forth in this section.

3 (i) It is the policy of the State of Vermont to liquidate fully the  
4 unfunded accrued liability for the payment of retiree health and medical  
5 benefits.

6 (ii) Beginning on July 1, 2022, until the unfunded accrued liability  
7 is liquidated, the accrued liability contribution shall be the annual payment  
8 required to liquidate the unfunded accrued liability over a closed period of 26  
9 years ending on June 30, 2048, provided that the amount of each annual basic  
10 accrued liability contribution shall be determined by amortization of the  
11 unfunded liability over the remainder of the closed 26-year period in  
12 installments.

13 (2) Any variation in the contribution of normal or accrued liability  
14 contributions from those recommended by the actuary and any actuarial gains  
15 and losses shall be added or subtracted to the unfunded accrued liability and  
16 amortized over the remainder of the closed 26-year period.

17 (3) The Board shall review annually the amount of State contributions  
18 recommended by the actuary. Based on this review, the Board shall determine  
19 the amount of State contribution necessary for the next fiscal year to achieve  
20 and preserve the financial integrity of the funds and certify a statement of the  
21 percentage of the payroll of all members sufficient to fund the normal cost and

1 the accrued liability contribution. On or before December 15 of each year, the  
2 Board shall inform the Governor and the House and Senate Committees on  
3 Government Operations and on Appropriations in writing about the amount  
4 needed. The provisions of 2 V.S.A. § 20(d) (expiration of required reports)  
5 shall not apply to the report to be made under this subsection.

6 \* \* \* VSERS Actuarial Studies \* \* \*

7 Sec. 16. 3 V.S.A. § 523 is amended to read:

8 § 523. VERMONT PENSION INVESTMENT COMMISSION; DUTIES

9 \* \* \*

10 (f) Asset and liability study. Beginning on July 1, ~~2022~~ 2023, and every  
11 three years thereafter, based on the most recent actuarial valuations of each  
12 Plan, the Commission shall study the assets and liabilities of each Plan over a  
13 20-year period. The study shall:

14 (1) project the expected path of the key indicators of each Plan's  
15 financial health based on all current actuarial and investment assumptions;  
16 current contribution and benefit policies, including the Plans' mark-to-market  
17 funded ratio; actuarially required contributions by source; payout ratio; and  
18 related liquidity obligations; and

19 (2) project the effect on each Plan's financial health resulting from:

20 (A) possible material deviations from Plan assumptions in investment  
21 assumptions, including returns versus those expected and embedded in the

1 actuary's estimate of actuarially required contributions and any material  
2 changes in capital markets volatility; and

3 (B) possible material deviations from key plan actuarial assumptions,  
4 including retiree longevity, potential benefit increases, and inflation.

5 \* \* \*

6 Sec. 17. 3 V.S.A. § 471 is amended to read:

7 § 471. RETIREMENT BOARD; MEDICAL BOARD; ACTUARY; RATES  
8 OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

9 \* \* \*

10 (j) The Retirement Board shall designate an actuary who shall be the  
11 technical advisor of the Board on matters regarding the operation of the Fund  
12 of the Retirement System, and shall perform such other duties as are required  
13 in connection therewith. Immediately after the establishment of the Retirement  
14 System, the Retirement Board shall adopt for the Retirement System such  
15 mortality and service tables as shall be deemed necessary and shall certify the  
16 rates of contribution payable under the provisions of this subchapter. ~~At~~  
17 Beginning July 1, 2023, at least once in each three-year period every three  
18 fiscal years following the establishment of the System, the actuary shall make  
19 an actuarial investigation into the mortality, service, and compensation  
20 experience of the members and beneficiaries of the Retirement System, and  
21 taking into account the results of such investigation, the Retirement Board

1 shall adopt for the Retirement System such mortality, service, and other tables  
2 as shall be deemed necessary and shall certify the rates of contribution payable  
3 under the provisions of this subchapter.

4 \* \* \*

5 \* \* \* Vermont State Teachers' Retirement System \* \* \*

6 \* \* \* VSTRS Actuarial Studies \* \* \*

7 Sec. 18. 16 V.S.A. § 1942 is amended to read:

8 § 1942. BOARD OF TRUSTEES; MEDICAL BOARD; ACTUARY; RATE  
9 OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

10 \* \* \*

11 (m) Immediately after the establishment of the System, the actuary shall  
12 make such investigation of the mortality, service, and compensation experience  
13 of the members of the System, as the actuary shall recommend and the Board  
14 shall authorize, for the purpose of determining the proper mortality and service  
15 tables to be prepared and submitted to the Board for adoption. Having regard  
16 to such investigation and recommendation, the Board shall adopt for the  
17 System such mortality and service tables as shall be deemed necessary and  
18 shall certify the rates of contribution payable under the provisions of this  
19 chapter. ~~At least once in each three year period~~ Beginning July 1, 2023, at  
20 least once every three fiscal years following the establishment of the System,  
21 the actuary shall make an actuarial investigation into the mortality, service, and

1 compensation experience of the members and beneficiaries of the System, and  
2 taking into account the results of such investigation, the Board shall adopt for  
3 the System such mortality, service, and other tables as shall be deemed  
4 necessary and shall certify the rates of contribution payable under the  
5 provisions of this chapter.

6 \* \* \*

7 \* \* \* Pension Benefits \* \* \*

8 Sec. 19. 16 V.S.A. § 1944 is amended to read:

9 § 1944. VERMONT TEACHERS' RETIREMENT FUND

10 (a) Pension Fund. All of the assets of the System shall be credited to the  
11 Vermont Teachers' Retirement Fund.

12 (b) Member contributions.

13 (1) Contributions deducted from the compensation of members shall be  
14 accumulated in the Pension Fund and separately recorded for each member.

15 (2) The proper authority or officer responsible for making up each  
16 employer payroll shall cause to be deducted from the compensation:

17 (A) of each Group A member five and one-half percent of the  
18 member's total earnable compensation, including compensation paid for  
19 absence as provided by subsection 1933(d) of this title; and

20 (B) ~~from of~~ each Group C member ~~with at least five years of~~  
21 ~~membership service as of July 1, 2014, five percent of the member's earnable~~

1 ~~compensation; and from each Group C member with less than five years of~~  
2 ~~membership service as of July 1, 2014, six percent of the member's earnable~~  
3 ~~compensation, an effective rate that is calculated based on the member's base~~  
4 ~~salary as of July 1 each year. The effective rate shall be rounded to the nearest~~  
5 ~~hundredth of a percent and levied on the member's total earnable~~  
6 ~~compensation for the fiscal year, unless a teacher's full-time equivalency status~~  
7 ~~changes during the fiscal year, in which case the teacher's effective rate will be~~  
8 ~~recalculated and the new rate will be applied going forward. A member's total~~  
9 ~~earnable compensation for the fiscal year shall also including include~~  
10 ~~compensation paid for absence as provided by subsection 1933(d) of this title,~~  
11 ~~and shall be calculated according to the following marginal rates and income~~  
12 ~~brackets:~~

13 (i) Beginning on July 1, 2022:

14 (I) if a member's base salary is at or below \$40,000.00, the rate  
15 is 6.0 percent;

16 (II) if a member's base salary is \$40,000.01 or more but not  
17 more than \$60,000.00, the rate is the equivalent of \$2,400.00 on \$40,000.00 of  
18 the member's base salary and 6.50 percent of the member's salary that is  
19 \$40,000.01 or more;

1                   (III) if a member’s base salary of \$60,000.01 or more but not  
2                   more than \$80,000.00, the rate is the equivalent of \$3,700.00 on \$60,000.00  
3                   and 6.75 percent of the member’s salary that is \$60,000.01 or more;

4                   (IV) if a member’s base salary is \$80,000.01 or more but not  
5                   more than \$100,000.00, the rate is the equivalent of \$5,050.00 on \$80,000.00  
6                   and 7.00 percent of the member’s salary that is \$80,000.01 or more;

7                   (V) if a member’s base salary is \$100,000.01 or more, the rate  
8                   is the equivalent of \$6,450.00 on \$100,000.00 and 7.25 percent of the  
9                   member’s salary that is \$100,000.01 or more.

10                   (ii) Beginning on July 1, 2023:

11                   (I) if a member’s base salary is at or below \$40,000.00, the rate  
12                   is 6.25 percent;

13                   (II) if a member’s base salary is \$40,000.01 or more but not  
14                   more than \$60,000.00, the rate is the equivalent of \$2,500.00 on \$40,000.00  
15                   and 6.75 percent of the member’s salary that is \$40,000.01 or more;

16                   (III) if a member’s base salary of \$60,000.01 or more but not  
17                   more than \$80,000.00, the rate is the equivalent of \$3,850.00 on \$60,000.00  
18                   and 7.0 percent of the member’s salary that is \$60,000.01 or more;

19                   (IV) if a member’s base salary is \$80,000.01 or more but not  
20                   more than \$100,000.00, the rate is the equivalent of \$5,250.00 on \$80,000.00  
21                   and 7.50 percent of the member’s salary that is \$80,000.01 or more;

1                   (V) if a member’s base salary is \$100,000.01 or more, the rate  
2                   is the equivalent of \$6,750.00 on \$100,000.00 and 8.0 percent of the member’s  
3                   salary that is \$100,000.01 or more.

4                   (iii) Beginning on July 1, 2024 and annually thereafter:

5                   (I) if a member’s base salary is at or below \$40,000.00, the rate  
6                   is 6.25 percent;

7                   (II) if a member’s base salary is \$40,000.01 or more but not  
8                   more than \$60,000.00, the rate is the equivalent of \$2,900.00 on \$40,000.00  
9                   and 6.75 percent of the member’s salary that is \$40,000.01 or more;

10                  (III) if a member’s base salary of \$60,000.01 or more but not  
11                  more than \$80,000.00, the rate is the equivalent of \$3,850.00 on \$60,000.00  
12                  and 7.5 percent of the member’s salary that is \$60,000.01 or more;

13                  (IV) if a member’s base salary is \$80,000.01 or more but not  
14                  more than \$100,000.00, the rate is the equivalent of \$5,350.00 on \$80,000.00  
15                  and 8.25 percent of the member’s salary that is \$80,000.01 or more;

16                  (V) if a member’s base salary is \$100,000.01 or more, the rate  
17                  is the equivalent of \$7,000.00 on \$100,000.00 and 9.0 percent of the member’s  
18                  salary that is \$100,000.01 or more.

19                  (C) In determining the amount earnable by a member set forth in this  
20                  subdivision (2) in a payroll period, the Board may consider the rate of  
21                  compensation payable to such member on the first day of a payroll period as

1 continuing throughout the payroll period, and it may omit deduction from  
2 compensation for any period less than a full payroll period if a teacher was not  
3 a member on the first day of the payroll period, and to facilitate the making of  
4 deductions it may modify the deduction required of any member by such an  
5 amount as shall not exceed one-tenth of one percent of the annual earnable  
6 compensation upon the basis of which such deduction is made. The actuary  
7 shall make annual valuations of the reduction to the recommended State  
8 contribution attributable to the increase from five to six percent, and the Board  
9 shall include the amount of this reduction in its written report pursuant to  
10 subsection 1942(r) of this title.

11 \* \* \*

12 (c) State contributions, earnings, and payments.

13 (1) All State appropriations and all reserves for the payment for all  
14 pensions including all interest and dividends earned on the assets of the  
15 Retirement System shall be accumulated in the Pension Fund. All benefits  
16 payable under the System, except for retired teacher health and medical  
17 benefits, shall be paid from the Pension Fund. Annually, the Retirement Board  
18 shall allow regular interest on the individual accounts of members in the  
19 Pension Fund ~~which~~ that shall be credited to each member's account.

20 (2) Beginning with the actuarial valuation as of June 30, 2006, the  
21 contributions to be made to the Pension Fund by the State shall be determined

1 on the basis of the actuarial cost method known as “entry age normal.” On  
2 account of each member, there shall be paid annually by the State into the  
3 Pension Fund a percentage of the earnable compensation of each member to be  
4 known as the “normal contribution” and an additional percentage of the  
5 member’s earnable compensation to be known as the “accrued liability  
6 contribution.” The percentage rate of such contributions shall be fixed on the  
7 basis of the liabilities of the System as shown by actuarial valuation. “Normal  
8 contributions” and “accrued liability contributions” shall be by separate  
9 appropriation in the annual budget enacted by the General Assembly.

10 (3) The normal contribution shall be the uniform percentage of the total  
11 compensation of members that, if contributed over each member’s prospective  
12 period of service and added to such member’s prospective contributions, if  
13 any, will be sufficient to provide for the payment of all future pension benefits  
14 after subtracting the sum of the unfunded accrued liability and the total assets  
15 of the Pension Fund.

16 (4) It is the policy of the State of Vermont to liquidate fully the  
17 unfunded accrued liability to the System. Beginning on July 1, 2008, until the  
18 unfunded accrued liability is liquidated, the accrued liability contribution shall  
19 be the annual payment required to liquidate the unfunded accrued liability over  
20 a closed period of 30 years ending on June 30, 2038, provided that:



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\* \* \*

Sec. 20. 16 V.S.A. § 1949a is added to read:

§ 1949a. POSTRETIREMENT ADJUSTMENT ALLOWANCE ACCOUNT

(a) Intent. It is the intent of the General Assembly to recognize members who are in active service on or before June 30, 2022 and made contributions for the duration of fiscal year 2023 and members who are in active service on or after July 1, 2022 and made contributions for at least one year, as part of a broader effort to improve the health of the System. As an acknowledgment of these additional contributions, once the System is in a healthier financial position, it is the intent of the General Assembly that these members should receive postretirement adjustment allowances that will more fully reflect the net percentage increase in the Consumer Price Index. It is also the intent of the General Assembly that the postretirement adjustment allowance formula should be incrementally increased to 100 percent of the net percentage increase in the Consumer Price Index, but that no increase should occur to the formula unless the funded ratio of the System is at least 80 percent funded on an actuarial value basis and the accumulated assets of the Account are equal to or exceed the present value of the benefits to accrue to members.

(b) Creation. There is established the Postretirement Adjustment Allowance Account, to be maintained under the Retirement System, which shall be used to provide funding for postretirement adjustment formula

1 enhancements or other benefits that may accrue to eligible members pursuant  
2 to the requirements of subsection (d) of this section.

3 (c) Funds. The Account shall consist of:

4 (1) any amounts transferred to it from the General Fund Balance  
5 Reserve established in 32 V.S.A. § 308c;

6 (2) any amounts transferred or appropriated to it by the General  
7 Assembly; and

8 (3) interest earned pursuant to subsection (d) of this section.

9 (d) Fund administration. The Postretirement Adjustment Allowance  
10 Account shall be subordinate to the retirement benefits provided by the  
11 Retirement System. Contributions to the Account shall be irrevocable, and it  
12 shall be impossible at any time before satisfaction of all liabilities to provide  
13 funding for postretirement adjustment formula enhancements or other benefits  
14 that may accrue to eligible members for any part of the corpus or income of the  
15 Account to be used for, or diverted to, any purpose other than providing  
16 funding for postretirement adjustment formula enhancements or other benefits  
17 that may accrue to eligible members. All balances in the Account at the end of  
18 the fiscal year shall be carried forward, and interest earned shall remain in the  
19 Account.

20 (e) Recommendation of Board. In any fiscal year, the Board may  
21 recommend to the General Assembly that the monies in the Account be used to

1 provide for postretirement adjustment formula enhancements or other benefits  
2 that may accrue to eligible members in the System, provided that:

3 (1) an evaluation has been conducted pursuant to section 1949b of this  
4 chapter;

5 (2) the actuary has certified that the System has a funded ratio of at least  
6 80 percent in the most recent fiscal year; and

7 (3) the actuary has certified that the Fund has sufficient assets to pay for  
8 the present value of any benefit being recommended.

9 (f) Use of funds. In the event that the General Assembly approves of the  
10 Board’s recommended postretirement adjustment formula enhancements or  
11 other benefit change pursuant to subsection (e) of this section, the Board may  
12 direct that funds sufficient to pay the present value of change be charged from  
13 the Account for that purpose.

14 (g) Fund charges. In no event shall the funds charged from the Account  
15 exceed the outstanding Account balance.

16 (h) Fund assets.

17 (1) For funding purposes, any asset value utilized in the calculation of  
18 the actuarial value of assets of a system shall exclude the Account as of the  
19 asset determination date for such calculation.

20 (2) For all purposes other than funding, the funds in the Account shall  
21 be considered assets of the System.

1        (i) Definition. As used in this section, “eligible member” means:

2            (1) a member of the System who is in active service on or before  
3        June 30, 2022 and made contributions for the duration of fiscal year 2023; or

4            (2) a member of the System who is in active service on or after July 1,  
5        2022 and made contributions for at least one year.

6        Sec. 21. 16 V.S.A. § 1949b is added to read:

7        § 1949b. POSTRETIREMENT ADJUSTMENT TO RETIREMENT

8            ALLOWANCE; FORMULA; EVALUATION

9            (a) On or before September 1, 2027 and every three years thereafter, or at  
10        the request of the Board in conjunction with any proposed changes to the  
11        amortization schedule, the Board shall consider the intent set forth in  
12        subsection 1949a(a) of this chapter and evaluate whether to modify the  
13        postretirement adjustment formula or any other benefit that may accrue to the  
14        members of the System who are in active service on or before June 30, 2022  
15        and made contributions for the duration of fiscal year 2023 and members in  
16        active service on or after July 1, 2022 and made contributions for at least one  
17        year. The evaluation shall only include a proposed benefit change if the  
18        Postretirement Adjustment Allowance Fund has sufficient assets to pay for the  
19        present value of that benefit.

20            (b) On or before January 15, 2028 and every three years thereafter, or  
21        following a request for an evaluation by the Board, the Board shall submit a

1 report to the House and Senate Committees on Government Operations with  
2 the results of the evaluation described in subsection (a) of this section.

3 Sec. 22. 16 V.S.A. § 1949 is amended to read:

4 § 1949. POSTRETIREMENT ADJUSTMENTS TO RETIREMENT  
5 ALLOWANCES

6 (a) ~~For all Group A members, as of June 30 in each year, beginning~~  
7 ~~June 30, 1972, the Board shall determine any increase or decrease, to the~~  
8 ~~nearest one-tenth of one percent, in the ratio of the average of the Consumer~~  
9 ~~Price Index for the month ending on that date to the average of the Index for~~  
10 ~~the month ending on June 30, 1971, or the month ending on June 30 of the~~  
11 ~~most recent year thereafter. In the event of an increase, and provided that the~~  
12 ~~net increase following the application of any offset as provided in this~~  
13 ~~subsection equals or exceeds one percent, the retirement allowance of each~~  
14 ~~beneficiary in receipt of an allowance for at least one year on the next~~  
15 ~~following December 31 shall be increased by an equal percentage. Such~~  
16 ~~increase shall begin on the January 1 immediately following that December 31.~~  
17 ~~An equivalent percentage increase shall also be made in the retirement~~  
18 ~~allowance payable to a beneficiary in receipt of an allowance under an optional~~  
19 ~~election, provided the member on whose account the allowance is payable and~~  
20 ~~such other person shall have received a total of at least 12 monthly payments~~  
21 ~~by such December 31. In the event of a decrease of the Consumer Price Index~~

1 as of June 30 for the preceding year, the retirement allowance of a beneficiary  
2 shall not be subject to any adjustment on the next following January 1;  
3 provided, however, that:

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

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

11 Retirement allowance. On January 1 of each year, the retirement allowance of  
12 each beneficiary of the System who is in receipt of a retirement allowance for  
13 at least a one-year period as of December 31 in the previous year, and who  
14 meets the eligibility criteria set forth in this section, shall be adjusted by the  
15 amount described in subsection (b) of this section. In no event shall a  
16 beneficiary receive a negative adjustment to the beneficiary's retirement  
17 allowance.

18 (b) For Group C members, as of June 30 in each year, commencing  
19 June 30, 1981, a determination shall be made of any increase or decrease, to  
20 the nearest one-tenth of a percent of the Consumer Price Index for the  
21 preceding fiscal year. In the event of an increase, and provided that there

1 ~~exists a net increase following the application of any offset as provided in this~~  
2 ~~subsection, the retirement allowance of each beneficiary in receipt of an~~  
3 ~~allowance for at least one year on the next following December 31 shall be~~  
4 ~~increased by an amount equal to one-half of the net percentage increase. The~~  
5 ~~increase shall commence on the January 1 immediately following that~~  
6 ~~December 31. The increase shall apply to Group C members having attained~~  
7 ~~57 years of age or completed at least 25 years of creditable service as of~~  
8 ~~June 30, 2010, and receiving an early retirement allowance only in the year~~  
9 ~~following attainment of age 62, and shall apply to Group C members not~~  
10 ~~having attained 57 years of age or having completed at least 25 years of~~  
11 ~~creditable service as of June 30, 2010, and receiving an early retirement~~  
12 ~~allowance only in the year following the member's attainment of 65 years of~~  
13 ~~age, provided the member has received benefits for at least 12 months as of~~  
14 ~~December 31 of the year preceding any January adjustment. In the event of a~~  
15 ~~decrease of the Consumer Price Index as of June 30 for the preceding year, the~~  
16 ~~retirement allowance of a beneficiary shall not be subject to any adjustment on~~  
17 ~~the next following January 1; provided, however, that:~~

18 ~~(1) such decrease shall be applied as an offset against the first~~  
19 ~~subsequent year's increase of the Consumer Price Index, up to the full amount~~  
20 ~~of such increase; and~~

1           ~~(2) to the extent that such decrease is greater than such subsequent~~  
2           ~~year's increase, such decrease shall be offset in the same manner against two~~  
3           ~~or more years of such increases, for up to but not exceeding five subsequent~~  
4           ~~years of such increases, until fully offset.~~ Calculation of Net Percentage  
5           Increase. Each year, a determination shall be made of any increase or  
6           decrease, to the nearest one-tenth of a percent, in the Consumer Price Index for  
7           the month ending on June 30 of that year to the average of the Consumer Price  
8           Index for the month ending on June 30 of the previous year.

9           (1) Consumer Price Index; maximum and minimum amounts. Any  
10           increase or decrease in the Consumer Price Index shall be subject to  
11           adjustment so as to remain within the following maximum and minimum  
12           amounts:

13           (A) For Group A members and Group C members who are eligible  
14           for normal retirement or unreduced early retirement on or before June 30,  
15           2022, the maximum amount of any increase or decrease utilized to determine  
16           the net percentage increase shall be five percent.

17           (B) For Group C members who are eligible for retirement and leave  
18           active service on or after July 1, 2022, the maximum amount of any increase or  
19           decrease utilized to determine the net percentage increase shall be four percent.

20           (2) Consumer Price Index; decreases. In the event of a decrease of the  
21           Consumer Price Index as of June 30 for the preceding year, there shall be no

1 adjustment to the retirement allowance of a beneficiary for the subsequent year  
2 beginning January 1; provided, however, that:

3 (A) such decrease shall be applied as an offset against the first  
4 subsequent year's increase of the Consumer Price Index up to the full amount  
5 of such increase; and

6 (B) to the extent that such decrease is greater than such subsequent  
7 year's increase, such decrease shall be offset in the same manner against two  
8 or more years of such increases, for up to but not exceeding five subsequent  
9 years of such increases, until fully offset.

10 (3) Consumer Price Index; increases. Subject to the maximum and  
11 minimum amounts set forth in subdivision (1) of this subsection, in the event  
12 of an increase in the Consumer Price Index, and provided there remains an  
13 increase following the application of any offset as in subdivision (2) of this  
14 subsection, that amount shall be identified as the net percentage increase and  
15 used to determine the members' postretirement adjustment as set forth in  
16 subsection (d) of this section.

17 ~~(c) For purposes of subsection (a) of this section, the maximum amount of~~  
18 ~~any increase or decrease utilized to determine the net percentage increase shall~~  
19 ~~be five percent. For purposes of subsection (b) of this section, the maximum~~  
20 ~~amount of any increase or decrease utilized to determine the net percentage~~  
21 ~~increase shall be five percent, and any increase or decrease less than one~~

1 ~~percent shall be assigned a value of one percent.~~ Eligibility for postretirement  
2 adjustment. In order for a beneficiary to receive a postretirement adjustment  
3 allowance, the beneficiary must meet the following eligibility requirements:

4 (1) for any Group A or Group C member eligible for retirement on or  
5 before June 30, 2022, the member must be in receipt of a retirement allowance  
6 for at least 12 months prior to the January 1 effective date of any  
7 postretirement adjustment; and

8 (2) for any Group C member who is eligible for retirement and leaves  
9 active service on or after July 1, 2022, the member must be in receipt of a  
10 retirement allowance for at least 24 months prior to the January 1 effective date  
11 of any postretirement adjustment.

12 (d) As used in this section, “Consumer Price Index” shall mean the  
13 Northeast Region Consumer Price Index for all urban consumers, designated as  
14 “CPI-U,” in the northeast region, as published by the U.S. Department of  
15 Labor, Bureau of Labor Statistics.

16 \* \* \* Other Postemployment Benefits \* \* \*

17 Sec. 23. 16 V.S.A. § 1944b is amended to read:

18 § 1944b. RETIRED TEACHERS’ HEALTH AND MEDICAL BENEFITS

19 FUND

20 (a) There is established the Retired Teachers’ Health and Medical Benefits  
21 Fund (Benefits Fund) to pay ~~retired teacher health and medical retiree~~

1 ~~postemployment~~ benefits, ~~including prescription drug benefits~~, when due in  
2 accordance with the terms established by the Board of Trustees of the State  
3 Teachers' Retirement System of Vermont pursuant to subsection 1942(p) and  
4 section 1944e of this title. The Benefits Fund is intended to comply with and  
5 be a tax exempt governmental trust under Section 115 of the Internal Revenue  
6 Code of 1986, as amended. The Benefits Fund shall be administered by the  
7 Treasurer.

8 (b) The Benefits Fund shall consist of:

9 (1) all monies remitted to the State on behalf of the members of the  
10 State Teachers' Retirement System of Vermont for prescription drug plans,  
11 including manufacturer rebates, as well as monies pursuant to the Employer  
12 Group Waiver Plan with Wrap pursuant to the Medicare Prescription Drug  
13 Improvement and Modernization Act of 2003;

14 (2) any monies appropriated by the General Assembly for the purpose of  
15 ~~paying the health and medical~~ postemployment benefits for retired members  
16 and their dependents provided by subsection 1942(p) and section 1944e of this  
17 title;

18 (3) any monies pursuant to subsection ~~(e)~~ (h) of this section; and

19 (4) [Repealed.]

20 (5) any monies pursuant to section 1944d of this title.

21 (c) No employee contributions shall be deposited in the Benefits Fund.

1 (d) The Treasurer may invest monies in the Benefits Fund in accordance  
2 with the provisions of 32 V.S.A. § 434 or, in the alternative, may enter into an  
3 agreement with the Vermont Pension Investment ~~Committee~~ Commission to  
4 invest such monies in accordance with the standards of care established by the  
5 prudent investor rule under 14A V.S.A. § 902, in a manner similar to the  
6 ~~Committee's~~ Commission's investment of retirement system monies. Interest  
7 earned shall remain in the Benefits Fund, and all balances remaining at the end  
8 of a fiscal year shall be carried over to the following year. The Treasurer's  
9 annual financial report to the Governor and the General Assembly shall contain  
10 an accounting of receipts, disbursements, and earnings of the Benefits Fund.

11 (e) [Repealed.]

12 (f) Contributions to the Benefits Fund shall be irrevocable and it shall be  
13 impossible at any time prior to the satisfaction of all liabilities, with respect to  
14 employees and their beneficiaries, for any part of the corpus or income of the  
15 Benefits Fund to be used for, or diverted to, purposes other than the payment  
16 of retiree postemployment benefits to members and their beneficiaries and  
17 reasonable expenses of administering the Benefits Fund and related benefit  
18 plans.

19 (g) [Repealed.]

20 (h) State contribution.

1           (1) Beginning on July 1, 2022, and annually thereafter, the State shall  
2           make annual contributions to the Benefits Fund known as the “normal  
3           contribution” and the “accrued liability contribution,” each of which shall be  
4           fixed on the basis of the liabilities of the System as shown by the most recent  
5           actuarial valuation and made by separate appropriation in the annual budget  
6           enacted by the General Assembly:

7                   (A) The “normal contribution” shall be the amount that, if  
8                   contributed over each member’s prospective period of service, will be  
9                   sufficient to provide for the payment of all future retiree postemployment  
10                  benefits after subtracting the unfunded actuarial liability and the total assets of  
11                  the Benefits Fund. The “normal cost” shall be identified using the actuarial  
12                  cost method known as “projected unit credit” and applying a rate of return  
13                  equal to the most recently adopted actuarial rate of return pursuant to 3 V.S.A.  
14                  § 523.

15                   (B) The “accrued liability contribution” shall be the annual payment  
16                  set forth in the most recent actuarial valuation that is necessary to liquidate the  
17                  unfunded accrued liability over a closed period of 26 years and determined  
18                  based on the funding schedule set forth in this section.

19                   (i) It is the policy of the State of Vermont to liquidate fully the  
20                  unfunded accrued liability for the payment of retiree postemployment benefits.

1                   (ii) Beginning on July 1, 2022, until the unfunded accrued liability  
2 is liquidated, the accrued liability contribution shall be the annual payment  
3 required to liquidate the unfunded accrued liability over a closed period of  
4 26 years ending on June 30, 2048, provided that the amount of each annual  
5 basic accrued liability contribution shall be determined by amortization of the  
6 unfunded liability over the remainder of the closed 26-year period in  
7 installments.

8                   (2) Any variation in the contribution of normal or accrued liability  
9 contributions from those recommended by the actuary and any actuarial gains  
10 and losses shall be added or subtracted to the unfunded accrued liability and  
11 amortized over the remainder of the closed 26-year period.

12                   (3) The Board shall review annually the amount of State contributions  
13 recommended by the actuary of the Retirement System. Based on this review,  
14 the Board shall determine the amount of State contribution necessary for the  
15 next fiscal year to achieve and preserve the financial integrity of the funds. On  
16 or before December 15 of each year, the Board shall inform the Governor and  
17 the House and Senate Committees on Government Operations and on  
18 Appropriations in writing about the amount needed. The provisions of  
19 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to  
20 be made under this subsection.

1 Sec. 24. 16 V.S.A. § 4025 is amended to read:

2 § 4025. EDUCATION FUND

3 \* \* \*

4 (b) Monies in the Education Fund shall be used for the following:

5 \* \* \*

6 (4) To make payments to the Vermont Teachers' Retirement Fund and  
7 the Retired Teachers' Health and Medical Benefits Fund for the normal  
8 ~~contribution~~ contributions in accordance with ~~subsection~~ subsections 1944(c)  
9 ~~of this title~~ and 1994b(h) of this title.

10 \* \* \*

11 Sec. 25. VERMONT TEACHERS' RETIREMENT SYSTEM; REPEAL OF  
12 PRIOR SUNSET AND REPORTING PROVISIONS

13 2018 (Sp. Sess.) Acts and Resolves No.11, Secs. E.515.3 and E.515.4 are  
14 hereby repealed.

15 \* \* \* Vermont Municipal Employees' Retirement System \* \* \*

16 Sec. 26. 24 V.S.A. § 5062 is amended to read:

17 § 5062. RETIREMENT BOARD; MEDICAL BOARD; ACTUARY; RATES  
18 OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

19 \* \* \*

20 (k) Immediately after the establishment of the Retirement System, the  
21 Retirement Board shall adopt for the Retirement System such mortality and

1 service tables as shall be deemed necessary and shall certify the rates of  
2 contribution payable under the provisions of this chapter. ~~At least once in each~~  
3 ~~three-year period~~ Beginning July 1, 2023, at least once every three fiscal years  
4 following the establishment of the System, the actuary shall make an actuarial  
5 investigation into the mortality, service, and compensation experience of the  
6 members and beneficiaries of the Retirement System, and taking into account  
7 the results of such investigation, the Retirement Board shall adopt for the  
8 Retirement System such mortality, service, and other tables as shall be deemed  
9 necessary and shall certify the rates of contribution payable under the  
10 provisions of this chapter.

11 \* \* \*

12 \* \* \* Funding \* \* \*

13 Sec. 27. FY 2022; APPROPRIATION; STATE EMPLOYEES’

14 POSTEMPLOYMENT BENEFITS TRUST FUND; RETIRED

15 TEACHERS’ HEALTH AND MEDICAL BENEFITS FUND

16 (a) In FY 2022, of the amount of General Funds reserved in 2021 Acts and  
17 Resolves No. 74, Sec. C.101(a) is unreserved as follows:

18 (1) the sum of \$75,000,000.00 is appropriated to the Vermont State  
19 Retirement Fund, established in 3 V.S.A. § 473, to address the unfunded  
20 accrued liability in pension benefits; and

1           (2) the sum of \$75,000,000.00 is appropriated to the Vermont Teachers’  
2           Retirement Fund, established in 16 V.S.A. § 1944, to address the unfunded  
3           accrued liability in pension benefits.

4           (b) In FY 2022, the amount of \$50,000,000.00 in General Funds shall be  
5           appropriated to the to the Vermont Teachers’ Retirement Fund, established in  
6           16 V.S.A. § 1944, to address the unfunded accrued liability in pension benefits.

7           (c) In FY 2022, of the amount of Education Funds reserved in 2021 Acts  
8           and Resolves No. 74, Sec. C.101(a) is unreserved and the sum of  
9           \$13,300,000.00 is appropriated to the Retired Teachers’ Health and Medical  
10           Benefits Fund, established in 16 V.S.A. § 1944b, to support the normal cost of  
11           other postemployment benefits as set forth in 16 V.S.A. § 1944f.

12           (d) The appropriations in subsections (a) and (b) of this section shall not be  
13           included for the purposes of calculating the reserve total for fiscal year 2023  
14           pursuant to 32 V.S.A. § 308 (General Fund budget stabilization reserve).

15           Sec. 28. 32 V.S.A. § 308c is amended to read:

16           § 308c. GENERAL FUND AND TRANSPORTATION FUND BALANCE  
17           RESERVES

18           (a) There is hereby created within the General Fund a General Fund  
19           Balance Reserve, also known as the “Rainy Day Reserve.” After satisfying the  
20           requirements of section 308 of this title, and after other reserve requirements  
21           have been met, any remaining unreserved and undesignated end of fiscal year

1 General Fund surplus shall be reserved in the General Fund Balance Reserve.

2 The General Fund Balance Reserve shall not exceed five percent of the  
3 appropriations from the General Fund for the prior fiscal year without  
4 legislative authorization.

5 (1), (2) [Repealed.]

6 (3) Of the funds that would otherwise be reserved in the General Fund  
7 Balance Reserve under this subsection, ~~50 percent of any such funds~~ the  
8 following amounts shall be reserved as necessary and transferred from the  
9 General Fund ~~to the Vermont State Employees' Postemployment Benefits~~  
10 ~~Trust Fund established by 3 V.S.A. § 479a~~ as follows:

11 (A) 25 percent to the Vermont State Retirement Fund established by  
12 3 V.S.A. § 473; and

13 (B) 25 percent to the Postretirement Adjustment Allowance Account  
14 established in 16 V.S.A. § 1949a.

15 \* \* \*

16 \* \* \* Effective Dates \* \* \*

17 Sec. 29. EFFECTIVE DATES

18 This act shall take effect on July 1, 2022, except that Sec. 27 (FY 2022  
19 appropriation) shall take effect on passage.

20