S.286

Representative Gannon of Wilmington moves that the House propose to the Senate that the bill be amended as follows:

First: By striking out Sec. 19, 16 V.S.A. § 1944, in its entirety and inserting in lieu thereof a new Sec. 19 to read as follows:

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

§ 1944. VERMONT TEACHERS' RETIREMENT FUND

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

(b) Member contributions.

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

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

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

(B) ~~from~~ Of each Group C member ~~with at least five years of membership service as of July 1, 2014, five percent of the member's earnable compensation; and from each Group C member with less than five years of~~

~~membership service as of July 1, 2014, six percent of the member's earnable compensation~~, ~~including~~ the following shall apply:

(i) Beginning on July 1, 2022, a Group C member shall have the rate set forth in this subdivision (b)(2)(B)(i) applied to the member's total earnable compensation for the fiscal year, which shall include compensation paid for absence as provided by subsection 1933(d) of this title, and any additional stipends identified as of July 1. A member's rate shall not be adjusted during the fiscal year. For a member who works a part-time equivalency status, the rate shall apply to the member's total earnable compensation and not to an amount equal to an annualized base salary. If a member is employed on a part-time equivalency status with two or more employers, the highest rate shall be applied to the amounts deducted from each employer. A member's rate shall be calculated according to the following rates and income brackets:

(I) If a member's base salary is at or below $40,000.00, the rate is 6.0 percent.

(II) If a member's base salary is $40,000.01 or more but not more than $50,000.00, the rate is 6.05 percent.

(III) If a member's base salary is $50,000.01 or more but not more than $60,000.00, the rate is 6.10 percent.

(IV) If a member’s base salary is $60,000.01 or more but not more than $70,000.00, the rate is 6.20 percent.

(V) If a member’s base salary is $70,000.01 or more but not more than $80,000.00, the rate is 6.25 percent.

(VI) If a member’s base salary is $80,000.01 or more but not more than $90,000.00, the rate is 6.35 percent.

(VII) If a member’s base salary is $90,000.01 or more but not more than $100,000.00, the rate is 6.50 percent.

(VIII) If a member’s base salary is $100,000.01 or more, the rate is 6.65 percent.

(ii) Beginning on July 1, 2023, a Group C member shall have the rate set forth in this subdivision (b)(2)(B)(ii) applied to the member’s total earnable compensation for the fiscal year, which shall include compensation paid for absence as provided by subsection 1933(d) of this title, and any additional stipends identified as of July 1. A member’s rate shall not be adjusted during the fiscal year unless the member’s full-time equivalency status changes, which shall require that the member’s rate be recalculated and the new rate applied for the remainder of that fiscal year. For a member who works a part-time equivalency status, the rate shall apply to the member’s total earnable compensation and not to an amount equal to an annualized base salary. If a member is employed on a part-time equivalency status with two or more employers, the highest rate shall be applied to the amounts deducted from each employer. A member's rate shall be calculated according to the following rates and income brackets:

(I) If a member's base salary is at or below $40,000.00, the rate is 6.10 percent.

(II) If a member's base salary is $40,000.01 or more but not more than $50,000.00, the rate is 6.15 percent.

(III) If a member's base salary is $50,000.01 or more but not more than $60,000.00, the rate is 6.25 percent.

(IV) If a member's base salary is $60,000.01 or more but not more than $70,000.00, the rate is 6.35 percent.

(V) If a member's base salary is $70,000.01 or more but not more than $80,000.00, the rate is 6.50 percent.

(VI) If a member's base salary is $80,000.01 or more but not more than $90,000.00, the rate is 6.75 percent.

(VII) If a member's base salary is $90,000.01 or more but not more than $100,000.00, the rate is 7.0 percent.

(VIII) If a member's base salary is $100,000.01 or more, the rate is 7.25 percent.

(iii) Beginning on July 1, 2024 and annually thereafter, a Group C member shall have an effective rate, rounded to the nearest hundredth of a percent, that is calculated based on the member's base salary as of July 1 each year, which equals the member's total earnable compensation, including compensation paid for absence as provided by subsection 1933(d) of this title, and any additional stipends identified as of July 1 for the next fiscal year. A member's effective rate shall not be adjusted during any fiscal year unless the member's full-time equivalency status changes, which shall require that the member's effective rate be recalculated and the new rate applied for the remainder of that fiscal year. For a member who works a part-time equivalency status, the effective rate shall apply to the member's total earnable compensation and not to an amount equal to an annualized base salary. If a member is employed on a part-time equivalency status with two or more employers, the highest effective rate shall be applied to the amounts deducted from each employer. A member's effective rate shall be calculated according to the following marginal rates and income brackets:

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

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

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

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

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

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

* * *

(c) State contributions, earnings, and payments.

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

(2) Beginning with the actuarial valuation as of June 30, 2006, the contributions to be made to the Pension Fund by the State shall be determined on the basis of the actuarial cost method known as "entry age normal." On account of each member, there shall be paid annually by the State into the Pension Fund a percentage of the earnable compensation of each member to be known as the "normal contribution" and an additional percentage of the member's earnable compensation to be known as the "accrued liability contribution." The percentage rate of such contributions shall be fixed on the basis of the liabilities of the System as shown by actuarial valuation. "Normal

contributions" and "accrued liability contributions" shall be by separate appropriation in the annual budget enacted by the General Assembly.

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

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

(A) From July 1, 2009 to June 30, 2019, the amount of each annual basic accrued liability contribution shall be determined by amortization of the unfunded liability over the remainder of the closed 30-year period in installments increasing at a rate of five percent per year.

(B) Beginning on July 1, 2019 and annually thereafter, the amount of each annual basic accrued liability contribution shall be determined by amortization of the unfunded liability over the remainder of the closed 30-year period in installments increasing at a rate of three percent per year.

(C) Any variation in the contribution of normal or unfunded accrued liability contributions from those recommended by the actuary and any actuarial gains and losses shall be added or subtracted to the unfunded accrued liability and amortized over the remainder of the closed 30-year period.

* * *

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

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

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

(C) in fiscal year 2026 and in any year thereafter until the Fund is calculated to have a funded ratio of at least 90 percent, the amount of $15,000,000.00.

* * *

Second: In Sec. 20, fiscal year 2024; Vermont Teachers' Retirement System; contribution rates, study, by striking out "2024" in the section heading and inserting in lieu thereof "2025" and in subsection (a), by striking out "2024" and inserting in lieu thereof "2025"

Third: In Sec. 21, 16 V.S.A. § 1949a, Postretirement Adjustment Allowance Account, in subsection (d), by striking out "Fund administration" and inserting in lieu thereof "Account administration", in subdivision (e)(3), by striking out

"Fund" and inserting in lieu thereof "Account", in subsection (g), by striking out "Fund charges" and inserting in lieu thereof "Account charges", and in subsection (h), by striking out "Fund assets" and inserting in lieu thereof "Account assets"