

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Government Operations to which was referred Senate
3 Bill No. 286 entitled “An act relating to amending various public pension and
4 other postemployment benefits” respectfully reports that it has considered the
5 same and recommends that the House propose to the Senate that the bill be
6 amended as follows:

7 First: By striking out Sec. 5, 3 V.S.A. § 470, in its entirety and inserting in
8 lieu thereof the following:

9 Sec. 5. 3 V.S.A. § 470 is amended to read:

10 § 470. POSTRETIREMENT ADJUSTMENTS TO RETIREMENT

11 ALLOWANCES

12 (a) ~~For Group A, Group C, and Group D members, as of June 30th in each~~
13 ~~year, commencing June 30, 1972, a determination shall be made of any~~
14 ~~increase or decrease, to the nearest one-tenth of a percent, in the ratio of the~~
15 ~~average of the Consumer Price Index for the month ending on that date to the~~
16 ~~average of said index for the month ending on June 30, 1971, or the month~~
17 ~~ending on June 30th of the most recent year subsequent thereto. In the event of~~
18 ~~an increase, and provided that the net increase following the application of any~~
19 ~~offset as provided in this subsection equals or exceeds one percent, the~~
20 ~~retirement allowance of each beneficiary in receipt of an allowance for at least~~
21 ~~one year on the next following December 31st shall be increased by an equal~~

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

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

13 ~~(2) to the extent that such decrease is greater than such subsequent~~
14 ~~year's increase, such decrease shall be offset in the same manner against two~~
15 ~~or more years of such increases, for up to but not exceeding five subsequent~~
16 ~~years of such increases, until fully offset. Postretirement adjustments to~~
17 ~~retirement allowance. Beginning January 1, 2023 and each year thereafter, the~~
18 ~~retirement allowance of each beneficiary of the System who is in receipt of a~~
19 ~~retirement allowance and who meets the eligibility criteria set forth in this~~
20 ~~section shall be adjusted by the amount described in subsection (d) of this~~

1 section. In no event shall a beneficiary receive a negative adjustment to the
2 beneficiary's retirement allowance.

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

11 ~~Commencing January 1, 2014, the retirement allowance of each beneficiary~~
12 ~~who was an active contributing member of the Group F plan on or after~~
13 ~~June 30, 2008, and who retires on or after July 1, 2008, shall be increased by~~
14 ~~an amount equal to the net percentage increase. The increase shall commence~~
15 ~~on the January 1st immediately following such December 31st. The increase~~
16 ~~shall apply to Group F members receiving an early retirement allowance only~~
17 ~~in the year following attainment of normal retirement age, provided the~~
18 ~~member has received benefits for at least 12 months as of December 31st of~~
19 ~~the year preceding any January adjustment. In the event of a decrease of the~~
20 ~~Consumer Price Index as of June 30th for the preceding year, the retirement~~

1 ~~allowance of a beneficiary shall not be subject to any adjustment on the next~~
2 ~~following January 1st; provided, however, that:~~

3 ~~(1) 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 ~~(2) 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. Calculation of net percentage~~
10 ~~increase.~~

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

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

20 (B) For Group C members who are first eligible for normal
21 retirement or unreduced early retirement on or before June 30, 2022, or who

1 are vested deferred members as of June 30, 2022, the maximum amount of any
2 increase or decrease used to determine the net percentage increase shall be five
3 percent.

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

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

10 (E) For Group F members who are first eligible for normal retirement
11 or unreduced early retirement on or before June 30, 2022, or who are vested
12 deferred members as of June 30, 2022, the maximum amount of any increase
13 or decrease used to determine the net percentage increase shall be five percent.

14 In the event that there is an increase or decrease of less than one percent, the
15 net percentage increase shall be assigned a value of one percent and shall not
16 be subject to further adjustment pursuant to subsection (d) of this section.

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

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

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

7 (B) 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.

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

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

1 adjustment. In order for a beneficiary to receive a postretirement adjustment to
2 the beneficiary's retirement allowance, the beneficiary must meet the
3 following eligibility requirements:

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

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

17 (3) In service on or after July 1, 2022. For all Group A, C, and F
18 members who are first eligible for normal retirement or unreduced early
19 retirement on or after July 1, 2022, and for Group D members first appointed
20 or elected on or after July 1, 2022, the member must be in receipt of a

1 retirement allowance for at least 24 months prior to the January 1 effective date
2 of any postretirement adjustment.

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

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

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

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

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

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

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

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

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

14 (1) “Consumer Price Index” means the Northeast Region Consumer
15 Price Index for all urban consumers, designated as “CPI-U,” in the northeast
16 region, as published by the U.S. Department of Labor, Bureau of Labor
17 Statistics.

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

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

4 Second: By striking out Sec. 6, 3 V.S.A. § 473, in its entirety and inserting
5 in lieu thereof the following:

6 Sec. 6. 3 V.S.A. § 473 is amended to read:

7 § 473. FUNDS

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

10 (b) Member contributions.

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

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

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

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

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

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

5 (B) Group C members.

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

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

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

13 (C) Group D members. Commencing on July 1, 2022, the
14 contribution rate for Group D 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 by all Group D 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 D member hourly rates of pay, the contribution rate shall be 6.55
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 D member hourly rates of pay, the
7 contribution rate shall be as follows:

8 (I) commencing in fiscal year 2023, 7.05 percent of
9 compensation;

10 (II) commencing in fiscal year 2024, 7.55 percent of
11 compensation; and

12 (III) commencing in fiscal year 2025 and annually thereafter,
13 8.05 percent of compensation.

14 (iii) 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 50th percentile and
17 below the 75th percentile of Group D 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;

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

5 (IV) commencing in fiscal year 2026 and annually thereafter,
6 8.55 percent of compensation.

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

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

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

16 (III) commencing in fiscal year 2025, 8.05 percent of
17 compensation;

18 (IV) commencing in fiscal year 2026, 8.55 percent of
19 compensation; and

20 (V) commencing in fiscal year 2027 and annually thereafter,
21 9.05 percent of compensation.

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

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

12 (ii) 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 25th percentile and
15 below the 50th percentile of Group F member hourly rates of pay, the
16 contribution rate shall be as follows:

17 (I) commencing in fiscal year 2023, 7.05 percent of
18 compensation;

19 (II) commencing in fiscal year 2024, 7.55 percent of
20 compensation; and

1 (III) commencing in fiscal year 2025 and annually thereafter,
2 8.05 percent of compensation.

3 (iii) 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 50th percentile and
6 below the 75th percentile of Group F member hourly rates of pay, the
7 contribution rate shall be as follows:

8 (I) commencing in fiscal year 2023, 7.05 percent of
9 compensation;

10 (II) commencing in fiscal year 2024, 7.55 percent of
11 compensation;

12 (III) commencing in fiscal year 2025, 8.05 percent of
13 compensation; and

14 (IV) commencing in fiscal year 2026 and annually thereafter,
15 8.55 percent of compensation.

16 (iv) Based on the quartiles for the first full pay period of each
17 fiscal year and effective the first full pay period in that fiscal year, for members
18 who have an hourly rate of pay in any pay period at or above the 75th
19 percentile of Group F member hourly rates of pay, the contribution rate shall
20 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;

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

9 (V) commencing in fiscal year 2027 and annually thereafter,
10 9.05 percent of compensation.

11 (3) Deductions. The deductions provided for herein shall be made
12 notwithstanding that the minimum compensation provided for by law for any
13 member shall be reduced thereby. Every member shall be deemed to consent
14 and agree to the deductions made and provided herein and shall receipt for full
15 compensation, and payment of compensation less such deduction shall be a full
16 and complete discharge and acquittance of all claims and demands whatsoever
17 for the services rendered by such person during the period covered by such
18 payment, except as to the benefits provided under this subchapter.

19 (4) Additional contributions. Subject to the approval of the Retirement
20 Board, in addition to the contributions deducted from compensation as
21 hereinbefore provided, any member may redeposit in the Fund by a single

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

15 (5) Beneficiaries. The contributions of a member and such interest as
16 may be allowed thereon ~~which~~ that are withdrawn by the member or paid to
17 the member estate or to a designated beneficiary in event of the member's
18 death, shall be paid from the Fund.

19 (6) Scope. Contributions required under this subsection shall be limited
20 to contributions from Group A, Group C, Group D, and Group F members.

21 (7) [Repealed.]

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

2 * * *

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

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

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

8 (C) in fiscal year 2026 and in any year thereafter until the Fund is
9 calculated to have a funded ratio of at least 90 percent, the amount of
10 \$15,000,000.00.

11 Third: By striking out Sec. 11a, 16 V.S.A. § 1949a, in its entirety and
12 inserting in lieu thereof the following:

13 Sec. 11a. 16 V.S.A. § 1949a is added to read:

14 § 1949a. POSTRETIREMENT ADJUSTMENT ALLOWANCE ACCOUNT

15 (a) Intent. It is the intent of the General Assembly to recognize members
16 who are in active service on or before June 30, 2022 and made contributions
17 for the duration of fiscal year 2023 and members who are in active service on
18 or after July 1, 2022 and made contributions for at least one year, as part of a
19 broader effort to improve the health of the System. As an acknowledgment of
20 these additional contributions, once the System is in a healthier financial
21 position, it is the intent of the General Assembly that these members should

1 receive postretirement adjustment allowances that will more fully reflect the
2 net percentage increase in the Consumer Price Index. It is also the intent of the
3 General Assembly that the postretirement adjustment allowance formula
4 should be incrementally increased to 100 percent of the net percentage increase
5 in the Consumer Price Index, but that no increase should occur to the formula
6 unless the funded ratio of the System is at least 80 percent funded on an
7 actuarial value basis and the accumulated assets of the Account are equal to or
8 exceed the present value of the benefits to accrue to members.

9 (b) Creation. There is established the Postretirement Adjustment
10 Allowance Account, to be maintained under the Retirement System, which
11 shall be used to provide funding for postretirement adjustment formula
12 enhancements or other benefits that may accrue to eligible members pursuant
13 to the requirements of subsection (d) of this section.

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

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

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

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

20 (d) Fund administration. The Postretirement Adjustment Allowance
21 Account shall be subordinate to the retirement benefits provided by the

1 Retirement System. Contributions to the Account shall be irrevocable, and it
2 shall be impossible at any time before satisfaction of all liabilities to provide
3 funding for postretirement adjustment formula enhancements or other benefits
4 that may accrue to eligible members for any part of the corpus or income of the
5 Account to be used for, or diverted to, any purpose other than providing
6 funding for postretirement adjustment formula enhancements or other benefits
7 that may accrue to eligible members. All balances in the Account at the end of
8 the fiscal year shall be carried forward, and interest earned shall remain in the
9 Account.

10 (e) Recommendation of Board. In any fiscal year, the Board may
11 recommend to the General Assembly that the monies in the Account be used to
12 provide for postretirement adjustment formula enhancements or other benefits
13 that may accrue to eligible members in the System, provided that:

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

16 (2) the actuary has certified that the System has a funded ratio of at least
17 80 percent in the most recent fiscal year; and

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

20 (f) Use of funds. In the event that the General Assembly approves of the
21 Board's recommended postretirement adjustment formula enhancements or

1 other benefit change pursuant to subsection (e) of this section, the Board may
2 direct that funds sufficient to pay the present value of change be charged from
3 the Account for that purpose.

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

6 (h) Fund assets.

7 (1) For funding purposes, any asset value utilized in the calculation of
8 the actuarial value of assets of a system shall exclude the funding deposit
9 account balance as of the asset determination date for such calculation.

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

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

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

15 (2) a member of the System who is in active service on or after July 1,
16 2022 and made contributions for at least one year.

1

2

3

4 (Committee vote: _____)

5

6

Representative _____

7

FOR THE COMMITTEE