Pension Task Force Actuarial Request #5

The Task Force is requesting an analysis on the actuarial impact of allowing certain VSERS Group F employees to enroll in a benefit with the same provisions as VSERS Group C.

Universes of Employees:

In each of the two universes of members described below, enroll <u>all new hires</u> (after July 1, 2022), and <u>provide an opportunity for current actives to switch</u> from Group F to the new Group in an actuarially equivalent manner similar to how employees switch from one group to another today.

<u>Universe 1:</u> All Department of Corrections (only) employees in Group F who are currently covered by the provision allowing unreduced retirement at age 55 with 20 years of service.

<u>Universe 2</u>: All employees (Department of Corrections plus others mentioned in 3 V.S.A. § 459(c)(2)(A) in Group F who are currently covered by the provision allowing unreduced retirement at age 55 with 20 years of service. This includes *"Group F members who have 20 years of service as facility employees of the Department of Corrections, as Department of Corrections employees who provide direct security and treatment services to offenders under supervision in the community, or as Woodside facility employees, or as Vermont State Hospital employees, or as employees of its successor in interest, who provide direct patient care…"*

Question to Solve For:

If benefits similar to Group C (when applying the assumptions below) are extended to these cohorts of Group F members described above:

> *What would the employee and employer contribution rates need to be to have no negative actuarial impact on the funded ratio of the VSERS pension system?*

Plan Assumptions to Apply:

1) Both universes of members can receive the existing Group C benefits in a status quo situation.
2) Both universes of members can receive the existing Group C benefits, but with the revenue, employee contribution, COLA, and max benefit cap scenarios modeled in Actuarial Request 4 applying.