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STATE OF VERMONT
OFFICE OF THE STATE TREASURER

July 30, 2021

Senator Jeanette White
Co-Chair, Pension Benefits, Design and Funding Task Force

Representative Sarah Copeland-Hanzas
Co-Chair, Pension Benefits, Design and Funding Task Force

Dear Senator White and Representative Copeland-Hanzas,

The VSTRS Board of Trustees has approved the incorporation of the Pension Benefits, Design and Funding Task Force's requested services into the actuary contract with the provisions in the motion cited below. We expect the VSERS Board to also approve this request. In anticipation of that approval, we have already taken steps to move forward. I had a conversation two weeks ago with one of the lead actuaries, in anticipation of your request, to alert them of the potential workload additions so they can make the requisite plans. I will contact them today to follow-up.

As you are aware, the Boards of Trustees are the fiduciaries of the retirement plans and approve the actuarial contract. The VSTRS Board of Trustees approved the following motion:

"As the Board of Trustees recognize that the Pension Benefits, Design and Funding Task Force created by Act 75 of 2021 will require independent actuarial services and may wish to use the Board's independent actuary, the Segal Group, the Board authorizes the Treasurer's Office to act on its behalf to receive such requests and to amend existing contracts as appropriate, however:

- 1) The Joint Fiscal Office will act as the sole vehicle for the Task Force to submit all requests for actuarial services;*
- 2) That the timing and workflow for those services will be coordinated through the Treasurer's Office to assure that Board required services to meet existing, ongoing statutory responsibilities are not delayed or impaired; and*
- 3) That all work requested by the Joint Fiscal Office on behalf of the Task Force shall be fully paid from funds appropriated for the Task Force and not from pension funds or appropriations of the Retirement Boards and Treasurer's Office."*

The VSTRS Board supports your request, and we will follow their direction which is compatible with your needs. The Board was clear, however, that there be a well-defined separation of costs and sources of funding.

By taking this action, the VSTRS Board of Trustees sought to expedite contractual approval so the Task Force can move forward with its work. At the same time, the Trustees expressed the need to continue to coordinate workloads to assure that the existing actuarial work required for the Board to meet its fiduciary and statutory responsibilities is completed. I believe the needs of the Boards and the Task Force can both be accomplished with our office coordinating with JFO. Will Kriewald, Chief Financial Officer, will be our point of contact. We recognize that there will be times that the Task Force will need to directly work with the actuary and Will can arrange for that.

We anticipate positive discussion and a similar motion from the VSERS Board of Trustees as they view the Task Force as a positive step. As a member of the Board I support that position. Assuming approval, we will amend the contract to incorporate your dollars and the scope of services you identified. Michael Clasen, Deputy Treasurer, will coordinate this and is already taking steps to expedite the process.

The Boards of Trustees and the Treasurer's Office, including the Retirement Division, look forward to working with you to support the goal of retirement security, for this generation and all those that follow. We appreciate the work of the Task Force as it moves forward to develop substantive recommendations for consideration, and hopefully action, by the General Assembly. The General Assembly is the creator and owner of the solution, and we look forward to supporting that effort.

Sincerely,

A handwritten signature in cursive script that reads "Beth Pearce". The signature is written in black ink and is positioned below the "Sincerely," text.

Beth Pearce
Vermont State Treasurer