

July 22, 2021 **DRAFT**

Beth Pearce, State Treasurer
Office of the State Treasurer
109 State St, Ste 4
Montpelier, VT 05609-6200

Dear Treasurer Pearce:

This letter is to confirm our understanding concerning actuary services that will be needed by the Pensions Benefits, Design and Funding Task Force (the Task Force) related to the Task Force's work pursuant to Act 75 of the 2021 session on Pensions and OPEB. As we both know, it would be extremely difficult for the Task Force to contract with an independent actuary to carry out Pension and OPEB analyses in a timely way. It would also create questions to the extent that variances in assumptions develop. Finally, the cost of creating an additional actuarial capacity could be substantial.

For this reason, we request access to work with your actuary, the Segal Group, to analyze:

1. Whether there is cross-subsidization between VSERS Groups;
2. Various possible changes to VSERS and VSTRS pension benefits, contributions and retiree health benefits;
3. Various methods of amortizing VSERS and VSTRS pensions and retiree health benefits;
4. The development of a new funding policy for VSERS and VSTRS pension and retiree health benefits; and,
5. The impact of any prefunding arrangements for OPEB.

These requests will be made through the Legislative Joint Fiscal Office to your Office for efficient scheduling and workflow. There may be occasions where the Task Force will want to work directly with the actuary. Timing is critical as the Task Force must issue a preliminary report on October 15, 2021 and a final report on December 2, 2021 pursuant to Act 75. We request your Office's assistance to help ensure such requests are handled in an expedient manner.

We agree that the Task Force will cover the cost of such work up to **\$100,000** with the understanding that estimates of costs for the various requests will be developed for the Joint Fiscal Office as requests are made. Further there may be part of the analysis which is consistent with your needs that will be covered under your existing contract and work plan with the actuary and not billed to the Task Force.

We appreciate your cooperation in working toward our shared goals of ensuring a strong pension and retiree health care benefits for our employees and Vermont's educators.

Sincerely,

Sen. Jeanette White, Co-Chair,
Pensions Benefits, Design and Funding Task Force

Rep. Sarah Copeland Hanzas, Co-Chair,
Pensions Benefits, Design and Funding Task Force