Introduced by Committee on Government Operations

Date:

Subject: Executive Branch; education; retirement; State Employees' Retirement System; State Teachers' Retirement System

Statement of purpose of bill as introduced: This bill proposes to make various amendments to pension benefits and other postemployment benefits for members of the Vermont State Employees' Retirement System and the Vermont State Teachers' Retirement System. This bill also changes the reporting dates for certain actuarial studies for the Vermont State Employees' Retirement System, the Vermont State Teachers' Retirement System, and the Vermont Municipal Employees' Retirement System.

An act relating to amending various public pension and other postemployment benefits

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 32 V.S.A. § 311a is added to read:

§ 311a. PUBLIC RETIREMENT BENEFITS; UNFUNDED LIABILITY; FINDINGS; PURPOSE; INTENT

(a) Findings. The General Assembly finds that:

(1) The actuarially determined employer contribution (ADEC) for the Vermont State Employees' Retirement System (VSERS) has increased by an

annual growth rate of 12.1 percent between FY 2009 and FY 2023, and the funded ratio of the VSERS has declined from 94.1 percent from FY 2008 to 67.6 percent by year-end FY 2021.

(2) The ADEC for the Vermont State Teachers' Retirement System (VSTRS) has increased by an annual growth rate of 13 percent between FY 2009 and FY 2023, and the funded ratio of the VSTRS has declined from 80.9 percent from FY 2008 to 52.9 percent by year-end FY 2021.

(3) The General Assembly has appropriated sufficient funds to fully pay the ADEC for both VSERS and VSTRS at the recommended amounts since FY 2007 and throughout the current amortization period.

(4) Since FY 2009, the accrued liabilities of VSERS and VSTRS have grown faster than the assets of each plan, resulting in a gap between the expected payout of future benefits and the assets VSERS and VSTRS have to pay out those benefits to retired State employees and teachers. This gap is also known as the unfunded liabilities for VSERS and VSTRS.

(5) In FY 2015, the General Assembly created the Retired Teachers' Health and Medical Benefits Fund to pay for health care premiums on a pay-as-you go basis rather than from the VSTRS pension fund.

(6) The FY 2022 State budget expense for retiree healthcare benefits, known as other postemployment benefits (OPEB), for State employees was approximately $37.2 million and $35.1 million for teachers.

(7) As of the beginning of FY 2022, the State's unfunded liabilities for healthcare benefits for retired State employees and teachers is $2.75 billion.

(b) Purpose. The purpose of this section is to provide economic stability for retired State employees and teachers by maintaining the financial health of VSERS and VSTRS, while also addressing the unfunded liabilities in the State's pension and OPEB plans and the decline in the funded ratios of those retirement systems.

(c) Intent.

(1) It is the intent of the General Assembly to address the unfunded liabilities and decline in funded ratios of VSERS and VSTRS by implementing several measures, including:

(A) continuing the General Assembly's policy since FY 2007 to fully fund the actuarially determined employer contributions rates for the VSERS and VSTRS at the amounts recommended to the General Assembly each year; and

(B) beginning in FY 2024 and ending in FY 2026, annually funding an additional payment to the actuarially recommended unfunded liability amortization payments for VSERS and for VSTRS that will increase to not more than $15,000,000.00 each year to each retirement system and, beginning in FY 2027 and thereafter, continuing this additional payment until the VSERS plan and the VSTRS plan respectively reach a 90 percent funded status.

(2) It is also the intent of the General Assembly to prefund other postemployment benefits to create more security and predictability in healthcare benefits for retired State employees and teachers.

* * * Vermont State Employees' Retirement System * * *

* * * Pension Benefits * * *

Sec. 2. 3 V.S.A. § 455 is amended to read:

§ 455. DEFINITIONS

(a) As used in this subchapter:

* * *

(4) "Average final compensation" shall mean:

* * *

(F) For a Group D member:

(i) Who, on or before June 30, 2022, has five years or more of service and has attained 57 years of age or older, or has 15 years or more of creditable service, the member's final salary.

(ii) Who retires on or after July 1, 2022 and who does not meet the requirements set forth in subdivision (i) of this subdivision (F), the average annual earnable compensation of a member during the two consecutive fiscal years beginning on July 1 and ending on June 30 of creditable service affording the highest such average, or during all of the years in the member's creditable service if fewer than two years. If the member separates prior to the end of a fiscal year, average final compensation shall be determined by adding:

(I) the actual earnable compensation earned in the fiscal year of separation through the date of separation and the service credit to correspond with the last pay date; and

(II) the earnable compensation and service credit earned in the preceding fiscal year.

* * *

(13) "Normal retirement date" shall mean:

(A) with respect to a Group A member, the first day of the calendar month next following (i) attainment of age 65, and following completion of five years of creditable service for those members hired on or after July 1, 2004, or (ii) attainment of age 62 and completion of 20 years of creditable service, whichever is earlier;

(B) with respect to a Group C member, the first day of the calendar month next following attainment of ~~age~~ 55 years of age, and following completion of five years of creditable service for those members hired on or after July 1, 2004, or completion of 30 years of service, whichever is earlier;

(C) with respect to a Group D member~~,~~:

(i) for those members hired on or before June 30, 2022, the first day of the calendar month next following attainment of ~~age~~ 62 years of age and completion of five years of creditable service; or

(ii) for those members hired on or after July 1, 2022, the first day of the calendar month next following attainment of 65 years of age and completion of five years of creditable service; and

* * *

Sec. 3. 3 V.S.A. § 459 is amended to read:

§ 459. NORMAL AND EARLY RETIREMENT

(a) Normal retirement.

* * *

(2) Group C members. Any ~~group~~ Group C member who is an officer or employee of the Department of Public Safety assigned to police and law enforcement duties, including the Commissioner of Public Safety appointed before July 1, 2000, and who has reached his or her normal retirement date may retire on a normal retirement allowance, on the first day of any month after he or she may have separated from service, by filing an application in the manner outlined in subdivision (3) of this subsection. Any ~~group~~ Group C member in service shall be retired on a normal retirement allowance on the first day of the calendar month next following attainment of ~~age 55~~ 57 years of age. Notwithstanding, it is provided that any such member who is an official

appointed for a term of years may remain in service until the end of ~~his or her~~ the member's term of office or any extension thereto, resulting from reappointment.

* * *

(b) Normal retirement allowance.

(1) Upon normal retirement, a ~~group~~ Group A member shall receive a normal retirement allowance which shall be equal to 50 percent of ~~his or her~~ the member's average final compensation; provided, however, that if the member has not completed 30 years of creditable service at retirement, or, if earlier, the date of attainment of such age as may be applicable under the provisions of subdivision (a)(4) of this section, his or her allowance shall be multiplied by the ratio that the number of his or her years of creditable service at retirement, or such earlier date, bears to 30.

(2)(A) Upon normal retirement, a ~~group~~ Group C member shall receive a normal retirement allowance which shall be equal to 50 percent of ~~his or her~~ the member's average final compensation; provided, however, that if the member has not completed 20 years of creditable service at retirement, or, if earlier, the date of attainment of such age as may be applicable under the provisions of subdivision (a)(4) of this section, the member's allowance shall be multiplied by the ratio that the number of ~~his or her~~ the member's years of creditable service at retirement, or such earlier date, bears to 20.

(B) Commencing on July 1, 2022, for a Group C member, for each year of service that is completed after attaining the later of 50 years of age or completing 20 years of service, a member's maximum normal retirement allowance shall increase by an amount equal to not more than one and one-half percent of the member's average final compensation.

(3)(A) Group D members who are Justices of the Supreme Court, Superior judges, Environmental judges, and District judges; additional retirement allowance. Justices of the Supreme Court, Superior judges, Environmental judges, and District judges, upon retirement under this section, shall receive an additional retirement allowance according to years of service as a Supreme Court Justice, a Superior judge, an Environmental judge, or a District judge or any combination thereof as follows:

(i) After 12 years of service, an additional retirement allowance of an amount ~~which~~ that, together with service retirement allowance, will make the total equal to two-fifths of their salary at retirement.

(ii) For each year of service in excess of 12 years, an amount equal to 3 1/3 percent of their salary at retirement shall be added to the retirement allowance as computed in subsection (a) of this section.

(iii) ~~However, at no time shall the~~ The total retirement allowance for Group D members under this subdivision shall not exceed 80 percent of their ~~salary~~ average final compensation at retirement; provided, however, that a

Group D member hired on or before June 30, 2022 who has five years or more of service and has attained 57 years of age or older, or has 15 years or more of creditable service, the total retirement allowance shall not exceed their salary at retirement. Such additional retirement allowance shall be treated as the normal retirement allowance for all purposes of the retirement act.

(B) In order to qualify for the benefits provided by this title, each Justice or judge shall have the maximum employee contribution in accordance with the requirements of the State Employees' Retirement System. These provisions shall apply to surviving Justices and judges retired before its enactment, but only from the effective date of its enactment, and not retroactively.

(C) For the purposes of this section, years of service as a municipal judge are to be counted as years of service in determining the additional retirement allowance, insofar as they represent years of membership service.

(4) Group D members who are Probate judges; additional retirement allowance. Probate judges, having retired under this section, shall be entitled to an additional retirement allowance according to their years in service as follows:

(A) Upon completion of 12 years of service, an amount ~~which~~ that with service retirement allowance will equal two-fifths of the salary at retirement.

(B) For each additional year of service, an amount equal to 3 1/3 percent of the salary at retirement shall be added to the retirement allowance as computed in subsection (a) of this section. Such additional retirement allowance shall be treated as the normal retirement allowance for all purposes of the retirement act.

* * *

Sec. 4. 3 V.S.A. § 470 is amended to read:

§ 470. POSTRETIREMENT ADJUSTMENTS TO RETIREMENT ALLOWANCES

(a) <u>Group A, Group C, and Group D members.</u> For Group A, Group C, and Group D members, as of June 30th in each year, commencing June 30, 1972, a determination shall be made of any increase or decrease, to the nearest one-tenth of a percent, in the ratio of the average of the Consumer Price Index for the month ending on that date to the average of said index for the month ending on June 30, 1971, or the month ending on June 30th of the most recent year subsequent thereto.

<u>(1)</u> In the event of an increase, and provided that the net increase following the application of any offset as provided in this subsection equals or exceeds one percent, the retirement allowance of each beneficiary in receipt of an allowance for at least one year on the next following December ~~31st~~ <u>31</u> shall be increased by an equal percentage. Such increase shall commence on

the January 1st immediately following such December ~~31st~~ 31. For Group A members, Group C members, and Group D members who were appointed or elected on or before June 30, 2022, ~~Such~~ such percentage increase shall also be made in the retirement allowance payable to a beneficiary in receipt of an allowance under an optional election, provided the member on whose account the allowance is payable and such other person shall have received a total of at least 12 monthly payments by such December ~~31st~~ 31. For Group D members hired on or after July 1, 2022, such percentage increase shall also be made in the retirement allowance payable to a beneficiary in receipt of an allowance under an optional election, provided the member on whose account the allowance is payable and such other person shall have received a total of at least 24 monthly payments by such December 31.

(2) In the event of a decrease of the Consumer Price Index as of June ~~30th~~ 30 for the preceding year, the retirement allowance of a beneficiary shall not be subject to any adjustment on the next following January ~~1st~~ 1; provided, however, that:

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

~~(2)~~(B) to the extent that such decrease is greater than such subsequent year's increase, such decrease shall be offset in the same manner against two or more years of such increases, for up to but not exceeding five subsequent years of such increases, until fully offset.

(b) Group F members. For Group F members, as of June ~~30th~~ 30 in each year, commencing January 1, 1991, a determination shall be made of any increase or decrease, to the nearest one-tenth of a percent of the Consumer Price Index for the preceding fiscal year.

(1) In the event of an increase, and provided that there exists a net increase following the application of any offset as provided in this subsection, the retirement allowance of each beneficiary in receipt of an allowance for at least one year on the next following December ~~31st~~ 31 shall be increased by an amount equal to one-half of the net percentage increase. Commencing January 1, 2014, the retirement allowance of each beneficiary who was an active contributing member of the Group F plan on or after June 30, 2008, and who retires on or after July 1, 2008, shall be increased by an amount equal to the net percentage increase. The increase shall commence on the January ~~1st~~ 1 immediately following such December ~~31st~~ 31. The increase shall apply to Group F members receiving an early retirement allowance only in the year following attainment of normal retirement age, provided the member has received benefits for at least ~~12~~ 24 months as of December ~~31st~~ 31 of the year preceding any January adjustment.

(2) In the event of a decrease of the Consumer Price Index as of June ~~30th~~ 30 for the preceding year, the retirement allowance of a beneficiary shall not be subject to any adjustment on the next following January ~~1st~~ 1; provided, however, that:

~~(1)~~(A) such decrease shall be applied as an offset against the first subsequent year's increase of the Consumer Price Index, up to the full amount of such increase; and

~~(2)~~(B) to the extent that such decrease is greater than such subsequent year's increase, such decrease shall be offset in the same manner against two or more years of such increases, for up to but not exceeding five subsequent years of such increases, until fully offset.

(c) Net percentage calculation.

(1) For purposes of subsection (a) of this section~~,~~:

(A)(i) for Group A members, Group C members, and Group D members who are eligible for normal retirement on or before June 30, 2022, the maximum amount of any increase or decrease utilized to determine the net percentage increase shall be five percent.

(ii) for Group C members who are eligible for normal retirement or unreduced retirement on or after July 1, 2022, the maximum amount of any increase or decrease utilized to determine the net percentage increase shall be four percent, and any increase or decrease of less than zero percent shall be assigned a value of zero percent.

(B) For Group D members hired on or after July 1, 2022, the maximum amount of any increases or decreases used to determine the net percentage increase shall be five percent. The post-retirement adjustment to amounts equal to or less than $75,000.00 of benefit paid shall be in an amount equal to the net percentage increase, and any increase or decrease of less than zero percent shall be assigned a value of zero percent. The post-retirement adjustment to amounts $75,000.01 or greater of benefit paid shall be in an amount equal to 50 percent of the net percentage change in the Consumer Price Index.

(2) For purposes of subsection (b) of this section~~,~~:

(A) For Group F members who are eligible for normal retirement or unreduced early retirement on or before June 30, 2022, the maximum amount of any increase or decrease utilized to determine the net percentage increase shall be five percent, and any increase or decrease of less than one percent shall be assigned a value of one percent.

(B) For Group F members who are eligible for normal or unreduced early retirement on or after July 1, 2022, the maximum amount of any increase or decrease utilized to determine the net percentage increase shall be four percent, and any increase or decrease of less than zero percent shall be assigned a value of zero percent.

(d) Definition. For purposes of this section, “Consumer Price Index” ~~shall mean~~ means the Northeast Region Consumer Price Index for all urban consumers, designated as “CPI-U,” in the northeast region, as published by the U.S. Department of Labor, Bureau of Labor Statistics.

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

Sec. 5. 3 V.S.A. § 473 is amended to read:

§ 473. FUNDS

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

(b) Member contributions.

(1)(A) Allocations. Contributions deducted from the compensation of members together with any member contributions transferred thereto from the predecessor systems shall be accumulated in the Fund and separately recorded for each member. The amounts so transferred on account of Group A members shall be allocated between regular and additional contributions. The amounts so allocated as regular contributions shall be determined as if the rate of contribution of four percent has been continuously in effect in the predecessor system from which such amounts were transferred and the balance of any amount so transferred on account of any Group A member shall be deemed additional contributions. In the case of Group C members who were members as of the date of establishment and Group D members, all contributions transferred from predecessor systems shall be deemed regular contributions. Those members who, prior to the date of establishment of this system, had been contributing at a rate less than four percent shall have any benefit otherwise payable on their behalf actuarially reduced to reflect such prior contribution rate of less than four percent. Upon a member's retirement or other withdrawal from service on the basis of which a retirement allowance is payable, the member's additional contributions, with interest thereon, shall be paid as an additional allowance equal to an annuity which is the actuarial equivalent of such amount, in the same manner as the benefit otherwise payable under the System.

(B) Periodic review. When the State Employees' Retirement System has been determined by the actuary to have assets at least equal to its accrued liability, contribution rates will be reevaluated by the actuary with a subsequent recommendation to the General Assembly. In determining the amount earnable by a member in a payroll period, the Retirement Board may consider the annual or other periodic rate of earnable compensation payable to such member on the first day of the payroll period as continuing throughout such payroll period, and it may omit deduction from compensation for any period less than a full payroll period if an employee 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, on an annual basis, shall not exceed one-tenth of one percent of the annual earnable compensation upon the basis of which such deduction is to be made. Each of the amounts shall be deducted until the member retires or otherwise withdraws from service, and when deducted shall be paid into the Annuity Savings Fund, and shall be credited to the individual account of the member from whose compensation the deduction was made.

(2)(A) Group A members. Commencing on July 1, 2016, contributions shall be 6.55 percent of compensation for Group A~~, D, and F~~ members ~~and 8.43 percent of compensation for Group C members~~. ~~When the State Employees' Retirement System has been determined by the actuary to have assets at least equal to its accrued liability, contribution rates will be reevaluated by the actuary with a subsequent recommendation to the General Assembly. In determining the amount earnable by a member in a payroll period, the Retirement Board may consider the annual or other periodic rate of earnable compensation payable to such member on the first day of the payroll period as continuing throughout such payroll period, and it may omit deduction from compensation for any period less than a full payroll period if an employee~~

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

(B) Group C members.

(i) Commencing the first full pay period in fiscal year 2023, the contribution rate for Group C members shall be 9.03 percent of compensation;

(ii) Commencing the first full pay period in fiscal year 2024, the contribution rate for Group C members shall be 9.53 percent of compensation.

(iii) Commencing the first full pay period in fiscal year 2025 and annually thereafter, the contribution rate for Group C members shall be 10.03 percent of compensation.

(C) Group D members. Commencing on July 1, 2022, the contribution rate for Group D members shall be based on the quartile in which a member's hourly rate of pay falls, which shall be determined annually by the Department of Human Resources based on the hourly rate of pay by all Group D members. The rates shall be based on the schedule set forth below

(i) For members who have an hourly rate of pay below the 25th percentile of Group D member hourly rates of pay, based on the distribution of active salaries as of June 30 each year, the contribution rate shall be 6.65 percent of compensation, effective the first full pay period in that fiscal year.

(ii) For members who have an hourly rate of pay at the 25th percentile and below the 50th percentile of Group D member hourly rates of pay, based on the distribution of active salaries as of June 30 each year, the contribution rate shall be as follows, effective the first full pay period in that fiscal year:

(I) commencing in fiscal year 2023, 7.15 percent of compensation;

(II) commencing in fiscal year 2024, 7.65 percent of compensation in fiscal year 2024; and

(III) commencing in fiscal year 2025 and annually thereafter, 8.15 percent of compensation.

(iii) For members who have an hourly rate of pay at the 50th percentile and below the 75th percentile of Group D member hourly rates of pay, based on the distribution of active salaries as of June 30 each year, the contribution rate shall be as follows, effective the first full pay period in that fiscal year:

(I) commencing in fiscal year 2023, 7.15 percent of compensation;

(II) commencing in fiscal year 2024, 7.65 percent of compensation in fiscal year 2024;

(III) commencing in fiscal year 2025, 8.15 percent of compensation; and

(IV) commencing in fiscal year 2026 and annually thereafter, 8.65 percent of compensation.

(iv) For members who have an hourly rate of pay at or above 75th percentile of Group D member hourly rates of pay, based on the distribution of active salaries as of June 30 each year, effective the first full pay period in that fiscal year:

(I) commencing in fiscal year 2023, 7.15 percent of compensation;

(II) commencing in fiscal year 2024, 7.65 percent of compensation in fiscal year 2024;

(III) commencing in fiscal year 2025, 8.15 percent of compensation;

(IV) commencing in fiscal year 2026, 8.65 percent of compensation; and

(V) commencing in fiscal year 2027 and annually thereafter, 9.15 percent of compensation.

(D) Group F members. Commencing on July 1, 2022, the contribution rate for Group F members shall be based on the quartile in which a member’s hourly rate of pay falls, which shall be determined annually by the Department of Human Resources based on the hourly rate of pay by all Group F members. The rates shall be based on the schedule set forth below:

(i) For members who have an hourly rate of pay below the 25th percentile of Group F member hourly rate of pay, based on the distribution of active salaries as of June 30 each year, the contribution rate shall be 6.65 percent of compensation, effective the first full pay period in that fiscal year.

(ii) For members who have an hourly rate of pay at the 25th percentile and below the 50th percentile of Group F member hourly rates of pay, based on the distribution of active salaries as of June 30 each year, the contribution rate shall be as follows, effective the first full pay period in that fiscal year::

(I) commencing in fiscal year 2023, 7.15 percent of compensation;

(II) commencing in fiscal year 2024, 7.65 percent of compensation in fiscal year 2024; and

(III) commencing in fiscal year 2025 and annually thereafter, 8.15 percent of compensation.

(iii) For members who have an hourly rate of pay at the 50th percentile and below the 75th percentile of Group F member hourly rates of pay, based on the distribution of active salaries as of June 30 each year, the contribution rate shall be as follows, effective the first full pay period in that fiscal year:

(I) commencing in fiscal year 2023, 7.15 percent of compensation;

(II) commencing in fiscal year 2024, 7.65 percent of compensation;

(III) commencing in fiscal year 2025, 8.15 percent of compensation; and

(IV) commencing in fiscal year 2026 and annually thereafter, 8.65 percent of compensation.

(iv) For members who have an hourly rate of pay at or above 75th percentile of Group F member hourly rates of pay, based on the distribution of active salaries as of June 30 each year, the contribution rate shall be as follows, effective the first full pay period in that fiscal year:

(I) commencing in fiscal year 2023, 7.15 percent of compensation;

(II) commencing in fiscal year 2024, 7.65 percent of compensation;

(III) commencing in fiscal year 2025, 8.15 percent of compensation;

(IV) commencing in fiscal year 2026, 8.65 percent of compensation; and

(V) commencing in fiscal year 2027 and annually thereafter, 9.15 percent of compensation.

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

(4) Additional contributions. Subject to the approval of the Retirement Board, in addition to the contributions deducted from compensation as hereinbefore provided, any member may redeposit in the Fund by a single payment or by an increased rate of contribution an amount equal to the total amount which the member previously withdrew from this System or one of the

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

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

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

(7) [Repealed.]

* * *

(d) Contributions of State.

(1) As provided by law, the Retirement Board shall certify to the Governor or Governor-Elect and the General Assembly a statement of the percentage of the payroll of all members sufficient to pay for all operating expenses of the Vermont State Retirement System and all contributions of the State that will become due and payable during the next biennium, including amounts to:

(A) pay the annual actuarially determined employer contribution, as calculated in subsection (c) of this section;

(B) fund the amounts in addition to the payment set forth in subdivision (1)(A) of this subsection (d) to reduce the unfunded accrued liability as follows:

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

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

(iii) in fiscal year 2026 and annually thereafter until the Fund is calculated to have attained a funded ratio at 90 percent or more, the amount of $15,000,000.00.

(2) The contributions of the State set forth in subdivision (1) of this subsection shall be charged to the departmental appropriation from which members' salaries are paid and shall be included in each departmental budgetary request.

(e) [Repealed.]

(f) Contributions paid by State. Notwithstanding the provisions of subdivision (b)(2) of this section to the contrary and pursuant to the provisions of Section 414(h) of the Internal Revenue Code, the State shall pick up and pay the contributions required to be paid by members with respect to service rendered on and after March 1, 1998. Contributions picked up by the State shall be designated for all purposes as member contributions, except that they shall be treated as State contributions in determining tax treatment of a distribution. Each member's compensation shall be reduced by an amount equal to the amount picked up by the State. This reduction, however, shall not be used to determine annual earnable compensation for purposes of determining average final compensation. Contributions picked up under this subsection shall be credited to the Fund. To ensure that the provisions of this subsection are cost neutral to the State, the contributions rates established under subdivision 473(b)(2) of this title shall be increased by one-tenth of one percent of compensation.

* * * Other Postemployment Benefits * * *

Sec. 6. 3 V.S.A. § 479a is amended to read:

§ 479a. STATE EMPLOYEES' POSTEMPLOYMENT BENEFITS TRUST FUND

* * *

(b) Into the Benefits Fund shall be deposited:

(1) all assets remitted to the State as a subsidy on behalf of the members of the Vermont State Employees' Retirement System for employer-sponsored qualified prescription drug plans pursuant to the Medicare Prescription Drug Improvement and Modernization Act of 2003, except that any subsidy received from an Employer Group Waiver Program is not subject to this requirement;

(2) any appropriations by the General Assembly for the purposes of paying current and future retiree postemployment benefits for members of the Vermont State Employees' Retirement System; ~~and~~

(3) amounts contributed or otherwise made available by members of the System or their beneficiaries for the purpose of paying current or future postemployment benefits costs; and

(4) any monies pursuant to subsection (e) of this section.

* * *

(e) State Contribution.

(1) Beginning on July 1, 2022 and annually thereafter, the State shall make annual contributions to the Benefits Fund known as the "normal cost" and the "accrued liability contribution," each of which shall be fixed on the basis of the liabilities of the System as shown by the most recent actuarial valuation and made by separate appropriation in the annual budget enacted by the General Assembly:

(A) The “normal cost” shall be the amount that, if contributed over each member’s prospective period of service, will be sufficient to provide for the payment of all future health and medical benefits after subtracting the unfunded actuarial liability and the total assets of the Benefits Fund. The “normal cost” shall be identified using the actuarial cost method known as “projected unit credit” and applying a rate of return equal to the most recently adopted actuarial rate of return pursuant to section 523 of this title.

(B) The “accrued liability contribution” shall be the annual payment set forth in the most recent actuarial valuation that is necessary to liquidate the unfunded accrued liability over a closed period of 27 years and determined based on the funding schedule set forth in this section.

(i) It is the policy of the State of Vermont to liquidate fully the unfunded accrued liability for the payment of retiree health and medical benefits.

(ii) Beginning on July 1, 2022, 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 27 years ending on June 30, 2048, provided that the amount of each annual basic accrued liability contribution shall be determined by amortization of the unfunded liability over the remainder of the closed 27-year period in installments.

(2) Any variation in the contribution of normal or 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 27-year period.

(3) The Board shall review annually the amount of State contributions recommended by the actuary. Based on this review, the Board shall determine the amount of State contribution necessary for the next fiscal year to achieve and preserve the financial integrity of the funds and certify a statement of the percentage of the payroll of all members sufficient to fund the normal cost and the accrued liability contribution. On or before December 15 of each year, the Board shall inform the Governor and the House and Senate Committees on Government Operations and on Appropriations in writing about the amount needed. The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to be made under this subsection.

* * * VSERS Actuarial Studies * * *

Sec. 7. 3 V.S.A. § 523 is amended to read:

§ 523. VERMONT PENSION INVESTMENT COMMISSION; DUTIES

* * *

(f) Asset and liability study. Beginning on July 1, ~~2022~~ 2023, and every three years thereafter, based on the most recent actuarial valuations of each

Plan, the Commission shall study the assets and liabilities of each Plan over a 20-year period. The study shall:

(1) project the expected path of the key indicators of each Plan's financial health based on all current actuarial and investment assumptions; current contribution and benefit policies, including the Plans' mark-to-market funded ratio; actuarially required contributions by source; payout ratio; and related liquidity obligations; and

(2) project the effect on each Plan's financial health resulting from:

(A) possible material deviations from Plan assumptions in investment assumptions, including returns versus those expected and embedded in the actuary's estimate of actuarially required contributions and any material changes in capital markets volatility; and

(B) possible material deviations from key plan actuarial assumptions, including retiree longevity, potential benefit increases, and inflation.

* * *

Sec. 8. 3 V.S.A. § 471 is amended to read:

§ 471. RETIREMENT BOARD; MEDICAL BOARD; ACTUARY; RATES OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

* * *

(j) The Retirement Board shall designate an actuary who shall be the technical advisor of the Board on matters regarding the operation of the Fund of the Retirement System, and shall perform such other duties as are required in connection therewith. Immediately after the establishment of the Retirement System, the Retirement Board shall adopt for the Retirement System such mortality and service tables as shall be deemed necessary and shall certify the rates of contribution payable under the provisions of this subchapter. ~~At~~ <u>Beginning July 1, 2023, at</u> least once ~~in each three-year period~~ <u>every three fiscal years</u> following the establishment of the System, the actuary shall make an actuarial investigation into the mortality, service, and compensation experience of the members and beneficiaries of the Retirement System, and taking into account the results of such investigation, the Retirement Board shall adopt for the Retirement System such mortality, service, and other tables as shall be deemed necessary and shall certify the rates of contribution payable under the provisions of this subchapter.

* * *

* * * Vermont State Teachers' Retirement System * * *

* * * VSTRS Actuarial Studies * * *

Sec. 9. 16 V.S.A. § 1942 is amended to read:

§ 1942. BOARD OF TRUSTEES; MEDICAL BOARD; ACTUARY; RATE OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

* * *

(m) Immediately after the establishment of the System, the actuary shall make such investigation of the mortality, service, and compensation experience of the members of the System, as the actuary shall recommend and the Board shall authorize, for the purpose of determining the proper mortality and service tables to be prepared and submitted to the Board for adoption. Having regard to such investigation and recommendation, the Board shall adopt for the System such mortality and service tables as shall be deemed necessary and shall certify the rates of contribution payable under the provisions of this chapter. ~~At least once in each three-year period~~ Beginning July 1, 2023, at least once every three fiscal years following the establishment of the System, the actuary shall make an actuarial investigation into the mortality, service, and compensation experience of the members and beneficiaries of the System, and taking into account the results of such investigation, the Board shall adopt for the System such mortality, service, and other tables as shall be deemed necessary and shall certify the rates of contribution payable under the provisions of this chapter.

* * *

* * * Pension Benefits * * *

Sec. 10. 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 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; and

(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~~, an effective rate that is calculated based on the member's base salary as of July 1 each year. The effective rate shall be levied on the member's total earnable compensation for the fiscal year, unless a teacher's full-time equivalency status changes during the fiscal year, in which case the teacher's effective rate will be recalculated and the new rate will be applied going forward. A member's total earnable compensation for the fiscal year shall also ~~including~~ include compensation paid for absence as provided by subsection 1933(d) of this title~~.~~, and shall be calculated according to the following marginal rates and income brackets:

(i) Beginning on July 1, 2022:

(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 $60,000.00, the rate is $2,400.00 plus 6.50 percent of the member's salary that is $40,000.01 or more;

(III) if a member's base salary of $60,000.01 or more but not more than $80,000.00, the rate is $3,700.00 plus 6.75 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 $5,050.00 plus 7.00 percent of the member's salary that is $80,000.01 or more;

(V) if a member's base salary is $100,000.01 or more, the rate is $6,450.00 plus 7.25 percent of the member's salary that is $100,000.01 or more.

(ii) Beginning on July 1, 2023:

(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 $2,500.00 plus 6.75 percent of the member's salary that is $40,000.01 or more;

(III) if a member's base salary of $60,000.01 or more but not more than $80,000.00, the rate is $3,850.00 plus 7.0 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 $5,250.00 plus 7.50 percent of the member's salary that is $80,000.01 or more;

(V) if a member's base salary is $100,000.01 or more, the rate is $6,750.00 plus 8.0 percent of the member's salary that is $100,000.01 or more.

(iii) Beginning on July 1, 2024 and annually thereafter:

(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 $2,900.00 plus 6.75 percent of the member's salary that is $40,000.01 or more;

(III) if a member's base salary of $60,000.01 or more but not more than $80,000.00, the rate is $3,850.00 plus 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 $5,350.00 plus 8.25 percent of the member’s salary that is $80,000.01 or more;

(V) if a member’s base salary is $100,000.01 or more, the rate is $7,000.00 plus 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 (c) and additional amounts to reduce the unfunded accrued liability 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 annually thereafter, until the Fund is calculated to have attained a funded ratio at 90 percent or more, the amount of $15,000,000.00

* * *

Sec. 11. 16 V.S.A. § 1949 is amended to read:

§ 1949. POSTRETIREMENT ADJUSTMENTS TO RETIREMENT ALLOWANCES

* * *

(b) For Group C members, as of June 30 in each year, commencing on June 30, 1981, a determination shall be made of any increase or decrease, to the nearest one-tenth of a percent of the Consumer Price Index for the preceding fiscal year. In FY 2022, in the event of an increase, and provided that there exists a net increase following the application of any offset as provided in this subsection, the retirement allowance of each beneficiary in receipt of an allowance for at least one year on the next following December

31 shall be increased by an amount equal to one-half of the net percentage increase. For members who leave active service on or after June 30, 2023 and annually thereafter, in the event of an increase, and provided that there exists a net increase following the application of any offset as provided in this subsection, the retirement allowance of each beneficiary in receipt of an allowance for at least 24 months on the next following December 31 shall be increased by an amount equal to one-half of the net percentage increase plus 7.5 percent each year; provided, however, that if the Fund is less than 80 percent funded as of the most recent actuarial valuation, or if the increase would result in the funded ratio for the Fund decreasing to 79.9 percent or less, the net percentage shall remain at the level that was in place at the time of the most recent actuarial valuation. ~~The~~ Any increase shall commence on the January 1 immediately following that December 31. The increase shall apply to Group C members having attained 57 years of age or completed at least 25 years of creditable service as of June 30, 2010, and receiving an early retirement allowance only in the year following attainment of ~~age~~ 62 years of age~~, and shall apply to~~; Group C members not having attained 57 years of age or having completed at least 25 years of creditable service as of June 30, 2010, and receiving an early retirement allowance only in the year following the member’s attainment of 65 years of age, provided the member has received benefits for at least 12 months as of December 31 of the year preceding any

January adjustment; and Group C members who are active on or after July 1, 2022, provided the member has received benefits for at least 24 months as of December 31 of the year preceding any January adjustment. In the event of a decrease of the Consumer Price Index as of June 30 for the preceding year, the retirement allowance of a beneficiary shall not be subject to any adjustment on the next following January 1; provided, however, that:

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

(2) to the extent that such decrease is greater than such subsequent year’s increase, such decrease shall be offset in the same manner against two or more years of such increases, for up to but not exceeding five subsequent years of such increases, until fully offset.

(c) For purposes of subsection (a) of this section, the maximum amount of any increase or decrease utilized to determine the net percentage increase shall be five percent. For purposes of subsection (b) of this section, the maximum amount of any increase or decrease utilized to determine the net percentage increase shall be five percent, and any increase or decrease less than one percent shall be assigned a value of one percent, except that for a Group C member who is active or after July 1, 2022, the maximum amount of any increase or decrease utilized to determine the net percentage increase shall be four percent, and any increase or decrease less than zero percent shall be assigned a value of zero percent.

* * *

* * * Other Postemployment Benefits * * *

Sec. 12. 16 V.S.A. § 1944b is amended to read:

§ 1944b. RETIRED TEACHERS' HEALTH AND MEDICAL BENEFITS FUND

* * *

(b) The Benefits Fund shall consist of:

(1) all monies remitted to the State on behalf of the members of the State Teachers' Retirement System of Vermont for prescription drug plans pursuant to the Employer Group Waiver Plan with Wrap pursuant to the Medicare Prescription Drug Improvement and Modernization Act of 2003;

(2) any monies appropriated by the General Assembly for the purpose of paying the health and medical benefits for retired members and their dependents provided by subsection 1942(p) and section 1944e of this title;

(3) any monies pursuant to subsection ~~(e)~~ (h) of this section; and

(4) [Repealed.]

(5) any monies pursuant to section 1944d of this title.

(c) No employee contributions shall be deposited in the Benefits Fund.

(d) The Treasurer may invest monies in the Benefits Fund in accordance with the provisions of 32 V.S.A. § 434 or, in the alternative, may enter into an agreement with the Vermont Pension Investment Committee to invest such monies in accordance with the standards of care established by the prudent investor rule under 14A V.S.A. § 902, in a manner similar to the Committee's investment of retirement system monies. Interest earned shall remain in the Benefits Fund, and all balances remaining at the end of a fiscal year shall be carried over to the following year. The Treasurer's annual financial report to the Governor and the General Assembly shall contain an accounting of receipts, disbursements, and earnings of the Benefits Fund.

(e) [Repealed.]

(f) Contributions to the Benefits Fund shall be irrevocable and it shall be impossible at any time prior to the satisfaction of all liabilities, with respect to employees and their beneficiaries, for any part of the corpus or income of the Benefits Fund to be used for, or diverted to, purposes other than the payment of retiree postemployment benefits to members and their beneficiaries and reasonable expenses of administering the Benefits Fund and related benefit plans.

(g) [Repealed.]

(h) State contribution.

(1) Beginning on July 1, 2022 and annually thereafter, the State shall make annual contributions to the Benefits Fund known as the "pay-go cost" and the "normal contribution," by separate appropriation in the annual budget enacted by the General Assembly:

(A) The "pay-go cost" shall be the amount determined by the State Treasurer to be necessary to pay all retiree health and medical benefits, including prescription drug benefits, due in accordance with subsection 1942(p) and section 1944e of this title on a pay-go basis for the upcoming fiscal year.

(B) The "normal contribution" shall be the amount determined in the most recent actuarial valuation that, if contributed over each member's prospective period of service, will be sufficient to provide for the payment of all future health and medical benefits after subtracting the unfunded actuarial liability and the total assets of the Benefits Fund. The "normal contribution" shall be appropriated from the Education Fund. The "normal contribution" shall be identified using the actuarial cost method known as "projected unit credit" and applying a rate of return equal to the most recently adopted actuarial rate of return pursuant to 3 V.S.A. § 523.

(2) It is the policy of the State of Vermont to liquidate fully the unfunded accrued liability for the payment of retiree health and medical benefits.

(3) The Board shall review annually the amount of pay-go cost recommended by the State Treasurer and the normal contribution recommended by the actuary of the Retirement System. Based on this review, the Board shall determine the amount of State contributions necessary for the next fiscal year to achieve and preserve the financial integrity of the funds. On or before December 15 of each year, the Board shall inform the Governor and the House and Senate Committees on Government Operations and on Appropriations in writing about the amount needed. The provisions of 2 V.S.A. § 20(d) (expiration of required reports) shall not apply to the report to be made under this subsection.

Sec. 13. 16 V.S.A. § 4025 is amended to read:

§ 4025. EDUCATION FUND

(b) Monies in the Education Fund shall be used for the following:

* * *

(4) To make payments to the Vermont Teachers' Retirement Fund and the Retired Teachers' Health and Medical Benefits Fund for the normal ~~contribution~~ contributions in accordance with ~~subsection~~ subsections 1944(c) ~~of this title~~ and 1994b(h) of this title.

* * *

* * * Vermont Municipal Employees' Retirement System * * *

Sec. 14. 24 V.S.A. § 5062 is amended to read:

§ 5062. RETIREMENT BOARD; MEDICAL BOARD; ACTUARY; RATES OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

* * *

(k) Immediately after the establishment of the Retirement System, the Retirement Board shall adopt for the Retirement System such mortality and service tables as shall be deemed necessary and shall certify the rates of contribution payable under the provisions of this chapter. ~~At least once in each three-year period~~ Beginning July 1, 2023, at least once every three fiscal years following the establishment of the System, the actuary shall make an actuarial investigation into the mortality, service, and compensation experience of the members and beneficiaries of the Retirement System, and taking into account the results of such investigation, the Retirement Board shall adopt for the Retirement System such mortality, service, and other tables as shall be deemed necessary and shall certify the rates of contribution payable under the provisions of this chapter.

* * *

* * * Funding * * *

Sec. 15. FY 2022; APPROPRIATION; STATE EMPLOYEES'

POSTEMPLOYMENT BENEFITS TRUST FUND; RETIRED TEACHERS' HEALTH AND MEDICAL BENEFITS FUND

(a) In FY 2022, of the amount of General Funds reserved in 2021 Acts and Resolves No. 74, Sec. C.101(a) is unreserved as follows:

(1) the sum of $75,000,000.00 is appropriated to the Vermont State Retirement Fund, established in 3 V.S.A. § 473, to address the unfunded accrued liability in pension benefits; and

(2) the sum of $75,000,000.00 is appropriated to the Vermont Teachers' Retirement Fund, established in 16 V.S.A. § 1944, to address the unfunded accrued liability in pension benefits.

(b) In FY 2022, the amount of $50,000,000.00 in General Funds shall be appropriated to the to the Vermont Teachers' Retirement Fund, established in 16 V.S.A. § 1944, to address the unfunded accrued liability in pension benefits.

(c) In FY 2022, of the amount of Education Funds reserved in 2021 Acts and Resolves No. 74, Sec. C.101(a) is unreserved and the sum of $13,300,000.00 is appropriated to the Retired Teachers' Health and Medical Benefits Fund, established in 16 V.S.A. § 1944b, to support the normal cost of other postemployment benefits as set forth in 16 V.S.A. § 1944f.

Sec. 16. 32 V.S.A. § 308c is amended to read:

§ 308c. GENERAL FUND AND TRANSPORTATION FUND BALANCE RESERVES

(a) There is hereby created within the General Fund a General Fund Balance Reserve, also known as the “Rainy Day Reserve.” After satisfying the requirements of section 308 of this title, and after other reserve requirements have been met, any remaining unreserved and undesignated end of fiscal year General Fund surplus shall be reserved in the General Fund Balance Reserve. The General Fund Balance Reserve shall not exceed five percent of the appropriations from the General Fund for the prior fiscal year without legislative authorization.

(1), (2) [Repealed.]

(3) Of the funds that would otherwise be reserved in the General Fund Balance Reserve under this subsection, ~~50 percent of any such funds~~ the following amounts shall be reserved as necessary and transferred from the General Fund ~~to the Vermont State Employees’ Postemployment Benefits Trust Fund established by 3 V.S.A. § 479a~~ as follows:

(A) 25 percent to the Vermont State Retirement Fund established by 3 V.S.A. § 473; and

(B) 25 percent to the Vermont Teachers’ Retirement Fund established by 16 V.S.A. § 1944.

* * *

* * * Effective Dates * * *

Sec. 17. EFFECTIVE DATES

This act shall take effect on July 1, 2022, except that Sec. 15 (FY 2022 Appropriation) shall take effect on passage.