1	H.443
2	Introduced by Representatives Morris of Springfield, Cordes of Lincoln, and
3	Page of Newport City
4	Referred to Committee on
5	Date:
6	Subject: Executive; retirement; Vermont State Employees Retirement System
7	Statement of purpose of bill as introduced: This bill proposes to amend the
8	membership, normal retirement allowance, and contribution rates for Group G
9	in the Vermont State Employees Retirement System. This bill also proposes to
10	allow a member of the State Employees Retirement System to earn creditable
11	service for employment in a temporary or seasonal position with the State. In
12	addition, this bill proposes to create a statutory contractual right for members
13	of the State Employees Retirement System.
14 15	An act relating to miscellaneous amendments to the Vermont State Employees Retirement System
16	It is hereby enacted by the General Assembly of the State of Vermont:
17	Sec. 1. 3 V.S.A. § 455 is amended to read:
18	§ 455. DEFINITIONS
19	(a) As used in this subchapter:
20	* * *

1	(4) "Average final compensation" shall mean:
2	***
3	(E) For Group A, C, F, or G members who retire on or after July 1,
4	2012, an increase in compensable hours in any year used to calculate average
5	final compensation that exceeds 120 percent of average compensable hours,
6	except for compensable hours resulting from mandatory overtime, shall be
7	excluded from that year when calculating average final compensation.
8	***
9	(11) "Member" means any employee included in the membership of the
10	Retirement System under section 457 of this title.
11	***
12	(F) "Group G member" means the following employees who are first
13	employed in the positions listed in this subdivision (F) on or after July 1, 2022,
14	or who are members of the System as of June 30, 2022 and make an
15	irrevocable election to prospectively join Group G on or before June 30, 2023,
16	pursuant to the terms set by the Board: facility employees of the Department
17	of Corrections, as Department of Corrections employees who provide direct
18	security and treatment services to offenders under supervision in the
19	community, as employees of a facility for justice-involved youth, or as
20	Vermont State Hospital employees or as employees of its successor in interest,
21	who provide direct patient care, or as classified employees of the public safety

1	answering points, the Family Services Division of the Department for Children
2	and Families, the Vermont Veterans' Home, or the Department of State's
3	Attorneys and Sheriffs.
4	* * *
5	Sec. 2. 3 V.S.A. § 458 is amended to read:
6	§ 458. CREDITABLE SERVICE; MILITARY SERVICE
7	(a) With respect to service rendered prior to the date of membership, each
8	employee who, pursuant to subsection 457(a) of this title, became a member of
9	the retirement system shall have included as prior service hereunder all service
10	credited to him or her the employee as creditable service under the terms of
11	one or both of the predecessor systems, provided his or her the employee's
12	membership continues unbroken until his or her the employee's retirement.
13	* * *
14	(j) Credit shall also be granted for any member who, prior to becoming a
15	member of the System, was employed in a temporary or seasonal position for
16	the State as defined in section 331 of this title.
17	Sec. 3. 3 V.S.A. § 459 is amended to read:
18	§ 459. NORMAL AND EARLY RETIREMENT
19	* * *
20	(b) Normal retirement allowance.
21	* * *

1	(2)(A) Upon normal retirement, a Group C member shall receive a
2	normal retirement allowance that shall be equal to 50 percent of the member's
3	average final compensation; provided, however, that if the member has not
4	completed 20 years of creditable service at retirement, or, if earlier, the date of
5	attainment of such age as may be applicable under the provisions of
6	subdivision (a)(4) of this section, the member's allowance shall be multiplied
7	by the ratio that the number of the member's years of creditable service at
8	retirement, or such earlier date, bears to 20.
9	(B) For a Group C member, for each year of service that is completed
10	on or after July 1, 2022 after attaining the later of 50 years of age or
11	completing 20 years of service, a member's maximum normal retirement
12	allowance shall increase by an amount equal to one and one-half percent of the
13	member's average final compensation.
14	* * *
15	(6)(A) Upon normal retirement pursuant to subdivisions
16	455(a)(13)(E)(i) and (iii) of this chapter, a Group G member shall receive a
17	normal retirement allowance equal to two and one-half of a percent of the
18	member's average final compensation times years of membership service in
19	Group G. The maximum retirement allowance shall be 50 percent of average
20	final compensation.

1	(B) Upon normal retirement pursuant to subdivision 455(a)(13)(E)(ii)
2	of this chapter, a Group G member shall receive a normal retirement allowance
3	equal to two and one half of a percent of the member's average final
4	compensation times years of membership service in Group G. The maximum
5	retirement allowance shall be 60 percent of average final compensation one
6	and one-half percent of the member's average final compensation.
7	* * *
8	Sec. 4. 3 V.S.A. § 473 is amended to read:
9	§ 473. FUNDS
10	(a) Assets. All of the assets of the Retirement System shall be credited to
11	the Vermont State Retirement Fund.
12	(b) Member contributions.
13	* * *
14	(2)(A) Group A members. Commencing on July 1, 2016, contributions
15	shall be 6.55 percent of compensation for Group A members.
16	* * *
17	(E) Group G members. Commencing on July 1, 2023, the
18	contribution rate for Group G members shall be based on the quartile in which
19	a member's hourly rate of pay falls. Quartiles shall be determined annually in
20	the first full pay period of each fiscal year by the Department of Human

1	Resources based on the hourly rate of pay of all Group G members. The
2	contribution rates shall be based on the schedule set forth below:
3	(i) Based on the quartiles for the first full pay period of each fiscal
4	year and effective the first full pay period in that fiscal year, for members who
5	have an hourly rate of pay in any pay period below the 25th percentile of
6	Group G member hourly rates of pay, the contribution rate shall be 11.23
7	percent of compensation Commencing the first full pay period in fiscal year
8	2023, the contribution rate for Group G members shall be 8.93 percent of
9	compensation.
10	(ii) Based on the quartiles for the first full pay period of each
11	fiscal year and effective the first full pay period in that fiscal year, for members
12	who have an hourly rate of pay in any pay period at the 25th percentile and
13	below the 50th percentile of Group G member hourly rates of pay, the
14	contribution rate shall be as follows:
15	(I) commencing in fiscal year 2024, 12.23 percent of
16	compensation; and
17	(II) commencing in fiscal year 2025 and annually thereafter,
18	12.73 percent of compensation Commencing the first full pay period in fiscal
19	year 2024, the contribution rate for Group G members shall be 9.43 percent of
20	compensation.

1	(iii) Based on the quartiles for the first full pay period of each
2	fiscal year and effective the first full pay period in that fiscal year, for members
3	who have an hourly rate of pay in any pay period at the 50th percentile and
4	below the 75th percentile of Group G member hourly rates of pay, the
5	contribution rate shall be as follows:
6	(I) commencing in fiscal year 2024, 12.23 percent of
7	compensation;
8	(II) commencing in fiscal year 2025, 12.73 percent of
9	compensation; and
10	(III) commencing in fiscal year 2026 and annually thereafter,
11	13.23 percent of compensation Commencing the first full pay period in fiscal
12	year 2025 and annually thereafter, the contribution rate for Group G members
13	shall be 9.93 percent of compensation.
14	(iv) 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 or above the 75th
17	percentile of Group G member hourly rates of pay, the contribution rate shall
18	be as follows:
19	(I) commencing in fiscal year 2024, 12.23 percent of
20	compensation;

1	(II) commencing in fiscal year 2025, 12.73 percent of
2	compensation;
3	(III) commencing in fiscal year 2026, 13.23 percent of
4	compensation; and
5	(IV) commencing in fiscal year 2027 and annually thereafter,
6	13.73 percent of compensation. [Repealed.]
7	* * *
8	Sec. 5. 3 V.S.A. § 480c is added to read:
9	§ 480c. CONTRACTUAL RIGHTS; EFFECT OF AMENDMENT
10	The provisions of this chapter shall be deemed to establish a contractual
11	relationship between a member and the Retirement System, provided that the
12	contractual relationship is established following a member's initial
13	contribution to the Retirement System. No amendments shall be made that
14	shall diminish or impair a member's rights or benefits provided under this
15	contractual relationship.
16	Sec. 6. EFFECTIVE DATE
17	This act shall take effect on July 1, 2023.