

Title 16 : Education

Chapter 055 : State Teachers' Retirement System of Vermont

(Cite as: 16 V.S.A. § 1949)

§ 1949. Postretirement adjustments to retirement allowances

(a) Postretirement adjustments to retirement allowance. On January 1 of each year, the retirement allowance of each beneficiary of the System who is in receipt of a retirement allowance for at least a one-year period as of December 31 in the previous year, and who meets the eligibility criteria set forth in this section, shall be adjusted by the amount described in subsection (d) of this section. In no event shall a beneficiary receive a negative adjustment to the beneficiary's retirement allowance.

(b) Calculation of net percentage increase. Each year, a determination shall be made of any increase or decrease, to the nearest one-tenth of a percent, in the Consumer Price Index for the month ending on June 30 of that year to the average of the Consumer Price Index for the month ending on June 30 of the previous year.

~~(1) Consumer Price Index; maximum and minimum amounts. Any increase or decrease in the Consumer Price Index shall be subject to adjustment so as to remain within the following maximum and minimum amounts:~~

~~(A) For Group A members and Group C members who are eligible for normal retirement or unreduced early retirement, or who are vested deferred, 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.~~

~~(B) For Group C members who are eligible for retirement and leave active service 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.~~

~~(2) Consumer Price Index; decreases. In the event of a decrease of the Consumer Price Index as of June 30 for the preceding year, there shall be no adjustment to the retirement allowance of a beneficiary for the subsequent year beginning on January 1; provided, however, that:~~

~~(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~~

~~(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.~~

~~(3) Consumer Price Index; increases. Subject to the maximum and minimum amounts set forth in subdivision (1) of this subsection, i~~n the event of an increase in the Consumer Price Index, and provided there remains an increase following the application

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Commented [DT1]: Max/mins are now dealt with in section (d). This solves the problem of applying the cap to the change in CPI rather than to actual COLA.

of any offset as in subdivision (21) of this subsection, that amount shall be identified as the net percentage increase and used to determine the members' postretirement adjustment as set forth in subsection (d) of this section.

Commented [DT2]: Conforming changes to address cap issue noted above.

(c) Eligibility for postretirement adjustment. In order for a beneficiary to receive a postretirement adjustment allowance, the beneficiary must meet the following eligibility requirements:

(1) for any Group A or Group C member eligible for retirement, or who is vested deferred, on or before June 30, 2022, the member must be in receipt of a retirement allowance for at least 12 months prior to the January 1 effective date of any postretirement adjustment; and

(2) for any Group C member who is eligible for retirement and leaves active service on or after July 1, 2022, the member must be in receipt of a retirement allowance for at least 24 months prior to the January 1 effective date of any postretirement adjustment.

(3) Special rule for Group C early retirement. A Group C member in receipt of an early retirement allowance shall not receive a postretirement adjustment to the member's retirement allowance until such time as the member has reached normal retirement age, provided the member meets all eligibility criteria set forth in this subsection.

Commented [DT3]: This section is needed to ensure that early retirees do not get a COLA until they meet their normal retirement age (62 or 65) as the case may be. This would maintain the pre-Act 114 status quo.

(d) Amount of postretirement adjustment. The postretirement adjustment for each member who meets the eligibility criteria set forth in subsection (c) shall be as follows:

(1) the full amount of the net percentage increase calculated pursuant to subsection (b) of this section for all Group A members, provided that:

(i) the net increase following the application of any offset as provided in this section equals or exceeds one percent; and

(ii) the maximum amount of any net increase following the application of any offset shall be five percent

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Commented [DT4]: This language keeps the pre-Act 114 methodology in place for Group A. Act 114 intended no changes to Group A. At the floor, Group A always had language that rounded any increase between 0-1% down to 0. For example, in 2021, CPI change was 0.7%. Group A received 0 per this language. Max remains at 5.

(2) one-half of the net percentage increase for all Group C members, provided that:

(A) For Group C members who are eligible for normal retirement or unreduced early retirement, or who are vested deferred, on or before June 30, 2022, the maximum amount of any increase shall be five percent. Any increase of less than one percent shall be assigned a value of one percent.

Commented [DT5]: The first sentence fixes the cap issue by making the cap apply to change in COLA rather than CPI. The second sentence clarifies the floor by ensuring that any change that would be less than 1% is rounded up to 1%, as it existed in pre-Act 114.

(B) For Group C members who are eligible for retirement and leave active service on or after July 1, 2022, the maximum amount of any increase shall be four percent, and the minimum amount shall be zero.

Commented [DT6]: The first sentence fixes the cap issue by making the cap apply to change in COLA rather than CPI. There is no round up when less than zero because Act 114 revised floor down from 1 to 0. The absence of the second sentence in the above change effectuates this.

(e) As used in this section, "Consumer Price Index" shall mean 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.