

Vermont State Treasurer's Office Overview

Treasurer Mike Pieciak
February 2023



Overview

- **About the Treasurer's Office**
- **Retirement Systems**
- **Treasury Operations and Debt Management**
- **Unclaimed Property**
- **Other Treasury Initiatives**

About the Treasurer's Office

Specific administrative and service duties of the 36 staff in the Treasurer's Office, as prescribed by State statutes, include:

- Investment of State funds;
- Issuing all State bonds authorized by the General Assembly;
- Serving as the central bank for State agencies;
- Management of the State's cash-balances, processing of checks, and the reconciliation of payroll and vendor checks;
- Safeguarding and return of unclaimed or abandoned financial property, which is held in trust by the State until the rightful owner can be located; and
- Administration of the State, Teachers' and Municipal defined benefit plans, the deferred compensation plan, and the defined contribution plans for State employees and participating municipalities.

Retirement Systems

System	Active Members	Inactive Members	Deferred Members	Retirees & Beneficiaries	Total Monthly Benefits
VSERS (State)	8,324	2,012	815	7,963	\$ 14,468,087
VSTRS (Teachers)	10,387	2,932	938	10,295	\$ 18,854,222
VMERS (Municipal)	8,059	3,997	1,048	4,149	\$ 3,774,100

Retirement System Demographics

Plan Name	Total Participants	Total Assets (as of June 30, 2022)	Fiduciary
State Defined Contribution	547	\$ 72,992,730	State Treasurer
Municipal Defined Contribution	431	\$ 25,995,003	VMERS Board

VSERS and VMERS Defined Contribution Plan Data

Plan Name and Eligible Participants	Total Participants	Total Assets	Fiduciary
457(b) Deferred Comp Plan (State and Municipal)	8,296	\$ 571,936,931	VSERS
403(b) Plan (Teachers and Municipal)	3,164	\$ 146,521,905	VSTRS
Single Deposit Investment Account (State and Teachers, closed to new entrants)	816	\$ 28,448,243	VSERS and VSTRS jointly
Municipal Retiree Health Savings Plan	3,607	\$ 12,336,108	VMERS

Supplemental Plan Data

Retirement Systems cont.

To maintain retirement benefits, the Legislature has established funding plans for each system:

- Three sources of funds: employee contributions, employer contributions, and investment income which is the largest source of funds used to pay benefits.
- VSERS, VSTRS, and VMERS each have a Board of Trustees, of which the Treasurer is a member.
- Independent actuary completes annual valuation comparing actual experience of the plans to assumed (or projected) performance.
- Act 114 of 2022 made significant changes to VSERS and VSTRS in an effort to address unfunded liabilities.
- Act 114 also “prefunded” retiree health benefits (often referred to as other post-employment benefits or OPEB) – resulting in \$1.5B in savings for the State’s long-term liabilities
- Act 75 of 2021 made one-time cash investments in retirement systems (\$75M to VSERS, \$125M to VSTRS, \$13.3M to VSTRS OPEB).

Treasury Operations and Debt Management

- Treasury Operations is responsible for banking and cash management of \$7.7B annually, the State's banking services network, disbursement of payments and debt service, collection of certain receipts and recording of transactions, reconciliations, various special funds, and preparing financial statement schedules and disclosures for the annual audits of State cash, investments, and pension systems.
- Duties relating to bonds include:
 - Managing the issuance (sale) and ongoing administration of State bonds
 - Paying principal and interest (debt service) when due
 - Monitoring for refinancing (refunding) opportunities for lower borrowing costs
 - Managing the State's bond ratings (credit scores) and ongoing relationships with the bond rating agencies
 - Contracting for all debt-related State vendors and services (investment bankers, lawyers, financial advisors, economists, rating agencies, custodians and paying agents)
 - Ensuring compliance with all Federal and State laws and regulations
 - Chairing the Capital Debt Affordability Advisory Committee (CDAAC), and delivering the CDAAC's annual debt recommendation and report
- Legislative Committees consider the CDAAC debt recommendation when creating the biennium Capital Bill (\$108M this year)

Unclaimed Property

The Unclaimed Property Division:

- Reunites owners with their unclaimed funds (common forms include savings or checking accounts, stocks, uncashed dividends or payroll checks, refunds, traveler's checks, insurance payments or refunds, CDs, utility security deposits, etc.
- Ensures banks, corporations, insurance companies and other entities remit to the State funds that are deemed abandoned under the law (usually after 3 years with no owner activity).
- Manages audits to recover additional unclaimed funds.
- Increases public awareness of unclaimed funds.
- Protects the assets and rights of owners until their funds are returned to them.
- In FY22, \$7.1 million returned, avg. claim amount \$410.67.
- In FY22, 17,289 claims paid.

Other Treasury Initiatives:

Local Investment Advisory Committee

- Created by Act 199 of 2014, chaired by State Treasurer
- Tasked with increasing economic development in Vermont and creating jobs by committing up to 10% of the State's average available cash balance to local investments.
- To date, \$39.7 million for projects in energy improvements in residential housing, commercial energy projects, higher education, and rehabilitation of state office buildings for energy efficiencies.

VermontABLE (Achieving a Better Life Experience)

- 529-ABLE account allows for a tax-free savings vehicle for disability-related expenses.
- Vermont participates in a multi-state partnership called STABLE, headed by the Ohio State Treasurer's Office.
- As of December 2022, VermontABLE had 849 active accountholders with \$6.9M in assets under management.

Contact:

Contact Information at the Treasurer's Office:

Email: Treasurers.Office@vermont.gov

Phone: (802) 828-1452

VermontABLE Webpage:

VermontABLE.com

State Treasurer's Webpage:

<https://www.vermonttreasurer.gov/>