

1 H.567

2 Introduced by Representative Birong of Vergennes

3 Referred to Committee on

4 Date:

5 Subject: Property; unclaimed property; decedents' estates; Executive Branch;

6 education; retirement; State Employees' Retirement System; State

7 Teachers' Retirement System; postemployment benefits; capital debt

8 Statement of purpose of bill as introduced: This bill proposes to make

9 miscellaneous changes to the statutes governing Vermont unclaimed

10 properties; to authorize penalties for late payment of contributions to the

11 Vermont State Retirement System; to create the Pension and Benefits Funding

12 Task Force; to transition fiduciary responsibility of other postemployment

13 benefits of the Vermont State Employees' and Vermont State Teachers'

14 Retirement Systems to the Vermont Pension Investment Commission; to

15 authorize elective service credits to Group A, B, or C members who are

16 elected to serve as the president of an employee organization; and to amend the

17 requirements of the annual report of the Capital Debt Affordability Advisory

18 Committee.

19 An act relating to unclaimed property, State retirement systems, and capital
20 debt

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

2 * * * Unclaimed Property * * *

3 Sec. 1. 27 V.S.A. § 1492 is amended to read:

4 § 1492. CONTENT OF REPORT

5 (a) The report required under section 1491 of this title must:

6 (1) be signed by or on behalf of the holder and verified as to its

7 completeness and accuracy;

8 (2) if filed electronically, be in a secure format approved by the

9 Administrator that protects confidential information of the apparent owner in

10 the same manner as required of the Administrator and the Administrator's

11 agent under subchapter 14 of this chapter;

12 (3) describe the property;

13 (4) except for a traveler's check, money order, or similar instrument,

14 contain the name, if known; last-known address, if known; and Social Security

15 number or taxpayer identification number, if known or readily ascertainable, of

16 the apparent owner of property with a value of \$50.00 or more;

17 (5) for an amount held or owing under a life, medical, or endowment

18 insurance policy or annuity contract, contain the name and last-known address

19 of the insured, annuitant, or other apparent owner of the policy or contract and

20 of the beneficiary, as well as any explanation of benefit numbers;

21 * * *

1 ~~Sec. 27 V.S.A. § 1543 is amended to read:~~

2 § 1543. EXPENSES AND SERVICE CHARGES OF ADMINISTRATOR

3 Before making a deposit of funds received under this chapter to the General
4 Fund, the Administrator may deduct:

5 (1) expenses of disposition of property delivered to the Administrator
6 under this chapter;

7 (2) costs of mailing and publication in connection with property
8 delivered to the Administrator under this chapter;

9 (3) reasonable service charges;

10 (4) expenses incurred in examining records of or collecting property
11 from a putative holder or holder; and

12 (5) property valued at ~~\$100.00~~ 150.00 or less more than 10 years after
13 the abandoned property was received from the holder under subchapter 6 of
14 this chapter shall be paid by the Administrator into the Vermont Retirement
15 Security Fund created by 3 V.S.A. § 534 up to a maximum annual total of
16 \$300,000.00. Any remaining funds shall be paid by the Administrator to the
17 Vermont Higher Education Endowment Trust Fund created by 16 V.S.A.
18 § 2885 under authority of this subdivision. For purposes of this subdivision,
19 the value of the abandoned property shall be that value as of the date the
20 ~~property was received from the holder by the Administrator.~~

1 ~~Sec. 2. 27 V.S.A. § 1543(5) is amended to read:~~

2 ~~(3) property valued at \$150.00 or less more than 10 years after the~~
3 ~~abandoned property was received from the holder under subchapter 6 of this~~
4 ~~chapter shall be paid by the Administrator into the Vermont Retirement~~
5 ~~Security Fund created by 3 V.S.A. § 534 up to a maximum annual total of~~
6 ~~\$300,000.00. Any remaining funds shall be paid by the Administrator to the~~
7 ~~Vermont Higher Education Endowment Trust Fund created by 16 V.S.A.~~
8 ~~§ 2885 under authority of this subdivision. For purposes of this subdivision,~~
9 ~~the value of the abandoned property shall be that value as of the date the~~
10 ~~property was received from the holder by the Administrator.~~

Sec. 2. 27 V.S.A. § 1543 is amended to read:

§ 1543. EXPENSES AND SERVICE CHARGES OF ADMINISTRATOR

Before making a deposit of funds received under this chapter to the General Fund, the Administrator may deduct:

(1) expenses of disposition of property delivered to the Administrator under this chapter;

(2) costs of mailing and publication in connection with property delivered to the Administrator under this chapter;

(3) reasonable service charges;

(4) expenses incurred in examining records of or collecting property from a putative holder or holder; and

(5) property valued at ~~\$100.00~~ \$150.00 or less more than 10 years after the abandoned property was received from the holder under subchapter 6 of this chapter shall be paid by the.

(A) The Administrator shall deposit funds deducted under this subdivision (5) into the Vermont Retirement Security Fund created by 3 V.S.A. § 534 up to a maximum annual total of ~~\$200,00.00~~ \$300,000.00.

(B) Notwithstanding subdivision (A) of this subdivision (5), in the Administrator's sole discretion, funds deducted under this subdivision (5) may be deposited into the Vermont Higher Education Endowment Trust Fund created by 16 V.S.A. § 2885 under authority of this subdivision, provided that not more than a combined total of \$300,000.00 shall be deposited into the Funds in a given year.

(C) For purposes of this subdivision, the value of the abandoned property shall be that value as of the date the property was received from the holder by the Administrator.

Sec. 3. 27 V.S.A. § 1543(5) is amended to read:

(5) property valued at \$150.00 or less more than 10 years after the abandoned property was received from the holder under subchapter 6 of this chapter:

(A) The Administrator shall deposit funds deducted under this subdivision (5) into the ~~Vermont Retirement Security Fund created by 3 V.S.A.~~

~~§ 534 Vermont Higher Education Endowment Trust Fund created by 16 V.S.A. § 2885 up to a maximum annual total of \$300,000.00~~ \$300,000.00.

~~(B) Notwithstanding subdivision (A) of this subdivision (5), in the Administrator's sole discretion, funds deducted under this subdivision (5) may be deposited into the Vermont Higher Education Endowment Trust Fund created by 16 V.S.A. § 2885, provided that not more than a combined total of \$300,000.00 shall be deposited into the Funds in a given year. [Repealed.]~~

~~(C) For purposes of this subdivision, the value of the abandoned property shall be that value as of the date the property was received from the holder by the Administrator.~~

1 Sec. 4. 27 V.S.A. § 1553 is amended to read:

2 § 1553. CLAIM FOR PROPERTY BY PERSON CLAIMING TO BE

3 OWNER

4 (a) A person claiming to be the owner of property held under this chapter
5 by the Administrator may file a claim for the property on a form prescribed by
6 the Administrator. The claimant must verify the claim as to its completeness
7 and accuracy.

8 (b) The Administrator may waive the requirement in subsection (a) of this
9 section and may pay or deliver property directly to a person if:

10 (1) the person receiving the property or payment is shown to be the
11 apparent owner included on a report filed under section 1491 of this title;

1 (2) the Administrator reasonably believes the person is entitled to
2 receive the property or payment; and

3 (3) the property has a value of less than ~~\$250.00~~ 1,000.00.

4 Sec. 5. 27 V.S.A. § 1557 is amended to read:

5 § 1557. DECEASED OWNERS; MULTIPLE CLAIMANTS

6 (a) If the Administrator holds unclaimed property in the name of a
7 deceased owner, the Administrator may deliver the property as follows:

8 (1) In the case of an open estate, to the ~~Administrator~~ administrator or
9 executor.

10 (2) In the case of a closed estate and the unclaimed property is valued at
11 less than ~~\$5,000.00~~ 10,000.00, in accordance with the Probate Division of the
12 Superior Court decree of distribution.

13 (3) In the absence of an open estate or Probate Division of the Superior
14 Court decree of distribution, and the unclaimed property is valued at less than
15 ~~\$5,000.00~~ 10,000.00, to the surviving spouse of the deceased owner, or, if
16 there is no surviving spouse, then to the next of kin according to 14 V.S.A.
17 § 314.

18 (4) In all other cases where the Administrator holds property in the
19 name of a deceased owner, a probate estate shall be opened by the claimant, or
20 other interested party, in order to determine the appropriate distribution of the
21 unclaimed property. Where an estate is opened solely to distribute unclaimed

1 property under this section, the Probate Division of the Superior Court may
2 waive any filing fees.

3 (b) If the Administrator holds unclaimed property valued at \$250.00
4 1,000.00 or less that more than one person owns, the Administrator may
5 deliver the property as follows:

6 (1) If the property has been listed on the Administrator's website for
7 less than one year, a proportionate share to each of the persons who owns the
8 property and who files a claim.

9 (2) If the property has been listed on the Administrator's website for a
10 year or more, to the first person who files a claim and who owns at least a
11 share of the property.

12 * * * Vermont State Retirement Systems * * *

13 Sec. 6. 3 V.S.A. § 488 is amended to read:

14 § 488. PAYMENT OF CONTRIBUTIONS

15 (a) The contributions computed under section 487 of this title together with
16 a pro rata share of the cost of the administration of the Vermont State
17 Retirement System based upon the payroll of the employees of the employer
18 who are members shall be certified by the Retirement Board to the Chief
19 Fiscal Officer of the employer. The amounts so certified shall be a charge
20 against the employer. The Chief Fiscal Officer shall pay to the State Treasurer
21 the amount certified by the Retirement Board as payable under the provisions

1 of this subchapter, and the State Treasurer shall credit such amounts to the
2 Fund of the Vermont State Retirement System.

3 (b) Any payments due that are not received within 30 days after the
4 installment due date set by the Board shall result in a penalty assessment
5 against the employer at the rate of one percent of the amount due for each
6 month calculated from the installment due date, provided that the Board may,
7 in its discretion, waive part or all of said penalty assessment if good cause is
8 shown. The delinquent payments and penalties thereon may be recovered by
9 action in a court of competent jurisdiction against the employer liable therefor
10 or may be deducted by or, at the request of the State Treasurer, from any other
11 monies payable to such employer by the State or any department or agency
12 thereof.

13 Sec. 7. PENSION AND BENEFITS FUNDING TASK FORCE; REPORT

14 (a) Creation. There is created the Pension and Benefits Funding Task
15 Force to review and report on the funding methodologies of the Vermont State
16 Retirement System and the State Teachers' Retirement System of Vermont,
17 including the State Employees' Postemployment Benefits Trust Fund and the
18 Retired Teachers' Health and Medical Benefits Fund.

19 (b) Membership. The Task Force shall be composed of the following
20 members:

1 (1) the Chair of the House Committee on Appropriations, who shall be
2 an ex officio member;

3 (2) the Chair of the Senate Committee on Appropriations, who shall be
4 an ex officio member;

5 (3) the Secretary of Administration or designee;

6 (4) the State Treasurer or designee;

7 (5) one member, appointed by the Vermont National Education
8 Association;

9 (6) one member, appointed by the Vermont State Employees'
10 Association; and

11 (7) one member, appointed by the President of the Vermont Troopers'
12 Association.

13 (c) Powers and duties.

14 (1) The Task Force shall review the existing funding schedules and
15 methodologies for the following retirement systems:

16 (A) the Vermont State Retirement Fund, 3 V.S.A. § 473;

17 (B) the State Employees' Postemployment Benefits Trust Fund, 3
18 V.S.A. § 479a;

19 (C) the Vermont Teachers' Retirement Fund, 16 V.S.A. § 1944; and

20 (D) the Retired Teachers' Health and Medical Benefits Fund, 16
21 V.S.A. § 1944b.

1 (2) Following the review required by subdivision (1) of this subsection,
2 the Task Force shall make recommendations about the funding methodologies
3 of these systems, consistent with actuarial and governmental accounting
4 standards, with due consideration of the following:

5 (A) the long-term sustainability of the pension and benefit plans;

6 (B) the total cost of funding the systems over time;

7 (C) the predictability and stability of annual actuarially determined
8 employer contributions;

9 (D) the impact of any change in funding methodologies on the
10 State's credit rating; and

11 (E) best funding practices as recommended by actuaries and
12 implemented by peer public pension systems.

13 (3) The Task Force shall not make recommendations on member
14 benefits, contribution levels, or assumed rates of return.

15 (d) Assistance.

16 (1) The Task Force shall have the administrative, technical, legal, and
17 fiscal assistance of the Office of the State Treasurer, Vermont Pension
18 Investment Commission, and the Joint Fiscal Office.

19 (2) The Office of the State Treasurer is authorized to contract for
20 advisory services for the Task Force from an actuarial and financial expert, as
21 necessary.

1 (e) Report. On or before December 15, 2026, the Task Force shall submit
2 a final report to the General Assembly, the Retirement Board of the Vermont
3 State Retirement System, and the Board of Trustees of the State Teachers'
4 Retirement System of Vermont with its findings and any recommendations for
5 legislative action.

6 (f) Meetings.

7 (1) The State Treasurer or designee shall be the chair. The Task Force
8 shall elect a vice chair from among its members at the first meeting.

9 (2) The Chair shall call the first meeting of the Task Force to occur on
10 or before June 15, 2026.

11 (3) A majority of the membership shall constitute a quorum.

12 (4) The Task Force shall cease to exist on December 31, 2026.

13 (g) Compensation and reimbursement.

14 (1) For attendance at meetings during adjournment of the General
15 Assembly, a legislative member of the Task Force serving in the member's
16 capacity as a legislator shall be entitled to per diem compensation and
17 reimbursement of expenses pursuant to 2 V.S.A. § 23 for not more than six
18 meetings. These payments shall be made from monies appropriated to the
19 General Assembly.

20 (2) Other members of the Task Force who are not State employees shall
21 be entitled to per diem compensation and reimbursement of expenses as

1 permitted under 32 V.S.A. § 1010 for not more than six meetings. These
2 payments shall be made from monies appropriated to the State Treasurer.

3 ~~(b) Appropriation. The sum of \$75,000.00 is appropriated to the Office of~~
4 ~~the State Treasurer from the General Fund in fiscal year 2027 for costs~~
5 ~~associated with the administration of the Task Force, including per diem~~
6 ~~compensation and reimbursement of expenses for members of the Task Force~~
7 ~~and costs associated with advisory services as authorized under subdivision~~
8 ~~(d)(2) of this section.~~

~~(i)(h)~~ Leave. Public employee members of the Task Force shall be granted
reasonable time by their employer to attend Task Force meetings.

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

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

12 * * *

13 (f) The Retirement Board shall keep in convenient form such data as shall
14 be necessary for actuarial valuation of the ~~fund~~ Fund of the Retirement
15 System, and for checking the experience of the System.

16 * * *

17 (j) The Retirement Board shall designate an actuary who shall be the
18 technical advisor of the Board on matters regarding the operation of the Fund
19 of the Retirement System, and shall perform such other duties as are required

1 in connection therewith. Immediately after the establishment of the
2 Retirement System, the Retirement Board shall adopt for the Retirement
3 System such mortality and service tables as shall be deemed necessary and
4 shall certify the rates of contribution payable under the provisions of this
5 subchapter. Beginning July 1, 2023, at least once every three fiscal years
6 following the establishment of the System, the actuary shall make an actuarial
7 investigation into the mortality, service, and compensation experience of the
8 members and beneficiaries of the Retirement System, and taking into account
9 the results of such investigation, the Retirement Board shall adopt for the
10 Retirement System such mortality, service, and other tables as shall be deemed
11 necessary and shall certify the rates of contribution payable under the
12 provisions of this subchapter.

13 (k) On the basis of such mortality and service tables as the Retirement
14 Board shall adopt, the actuary shall make annual valuations of the assets and
15 liabilities of the ~~fund~~ Fund of the Retirement System.

16 ~~(l) The Commission shall designate from time to time a depository for the~~
17 ~~securities and evidences of indebtedness held in the Fund of the System and~~
18 ~~may contract for the safekeeping of securities and evidences of indebtedness~~
19 ~~within and without the State of Vermont in such banks, trust companies, and~~
20 ~~safe deposit facilities as it shall from time to time determine. The necessary~~
21 ~~and incidental expenses of such safekeeping and for service rendered,~~

1 including advisory services in investment matters, shall be paid from the
2 operation expenses of the System as set forth in this chapter. Any agreement
3 for the safekeeping of securities or evidences of indebtedness shall provide for
4 the access to such securities and evidences of indebtedness, except securities
5 loaned pursuant to a securities lending agreement as authorized by subsection
6 (m) of this section, at any time by the custodian or any authorized agent of the
7 State for audit or other purposes. [Repealed.]

8 (m) The Commission may authorize the loan of its securities pursuant to
9 securities lending agreements that provide for collateral consisting of cash or
10 securities issued or guaranteed by the U.S. government or its agencies equal to
11 100 percent or more of the market value of the loaned securities. Cash
12 collateral may be invested by the lending institution in investments approved
13 by the State Treasurer. Approval of investments shall be made in accordance
14 with the standard of care established by the prudent investor rule under 9
15 V.S.A. chapter 147. [Repealed.]

16 (n) The Board shall review annually the amount of State contribution
17 recommended by the actuary of the Retirement System as necessary to achieve
18 and preserve the financial integrity of the fund Fund established pursuant to
19 section 473 of this title. Based on this review, the Board shall recommend the
20 amount of State contribution that should be appropriated for the next fiscal
21 year to achieve and preserve the financial integrity of the fund Fund. On or

1 before November 1 of each year, the Board shall submit this recommendation
2 to the Governor and the House Committees on Government Operations and
3 Military Affairs and on Appropriations and the Senate Committees on
4 Government Operations and on Appropriations. The provisions of 2 V.S.A.
5 § 20(d) (expiration of required reports) shall not apply to the report to be made
6 under this subsection.

7 Sec. 9. 3 V.S.A. § 472 is amended to read:

8 § 472. INVESTMENTS; INTEREST RATE; DISBURSEMENTS;

9 STANDARDS OF CONDUCT

10 (a) The members of the Vermont Pension Investment Commission
11 established in chapter 17 of this title shall be the trustees of the Funds created
12 by this subchapter, 16 V.S.A. chapter 55, and 24 V.S.A. chapter 125, and with
13 respect to them may invest and reinvest the assets of the Fund, and hold,
14 purchase, sell, assign, transfer, and dispose of the securities and investments in
15 which the assets of the Fund have been invested and reinvested. Investments
16 shall be made in accordance with the standard of care established by the
17 prudent investor rule under 9 V.S.A. chapter 147.

18 (b) From time to time, the Retirement Board shall set the rate or rates of
19 regular interest at such percent rate compounded annually as shall be
20 determined by the Board, such rate to be limited to a minimum of three
21 percent and a maximum of five percent.

1 (c) ~~The State Treasurer shall be the custodian of the assets of the Fund of~~
2 ~~the Retirement System. All payments from the Fund shall be made by the~~
3 ~~State Treasurer or his or her deputy, with approval of the Retirement Board. A~~
4 ~~duly attested copy of a resolution of the Retirement Board designating such~~
5 ~~persons and bearing on its face specimen signatures of such persons shall be~~
6 ~~filed with the State Treasurer as his or her authority for making payments upon~~
7 ~~such vouchers. [Repealed.]~~

8 (d) Except as otherwise provided for in this section, no trustee and no
9 employee of the Board ~~or member of the Commission~~ shall have any direct
10 interest in the gains or profits of any investment made by the Commission; nor
11 shall any trustee or employee of the Board ~~or the Commission~~, directly or
12 indirectly, for the trustee or employee personally or as an agent, in any manner
13 use the same except to make such current and necessary payments as are
14 authorized by the Board ~~or Commission~~; nor shall any trustee or employee of
15 the Board ~~or the Commission~~ become an endorser or surety, or in any manner
16 an obligor, for the monies loaned to or borrowed from the Board. The
17 Treasurer, with the approval of the Board ~~and the Commission~~, shall adopt by
18 rule standards of conduct for trustees and employees of the Board in order to
19 maintain and promote public confidence in the integrity of the Board. Such
20 rules shall prohibit trustees and employees from receiving or soliciting any
21 gift, including meals, alcoholic beverages, travel fare, room and board, or any

1 other thing of value, tangible or intangible, from any vendor or potential
2 vendor of investment services, management services, brokerage services, and
3 other services to the Board or Commission.

4 Sec. 10. 3 V.S.A. § 479a is amended to read:

5 § 479a. STATE EMPLOYEES' POSTEMPLOYMENT BENEFITS TRUST
6 FUND

7 (a) Creation. A "State Employees' Postemployment Benefits Trust Fund"
8 (Benefits Fund) is hereby created for the purpose of accumulating and
9 providing reserves to support retiree postemployment benefits for members,
10 and to make distributions from the Benefits Fund for current and future
11 postemployment benefits for retirees of the Vermont State Employees'
12 Retirement System, excluding pensions and benefits otherwise appropriated by
13 statute and for the payment of reasonable and proper expenses of administering
14 the Benefits Fund and related benefit plans. The Benefits Fund shall not be
15 part of the Retirement System but is intended to comply with and be a tax-
16 exempt governmental trust under Section 115 of the Internal Revenue Code of
17 1986, as amended.

18 * * *

19 (c) ~~Administration. The Benefits Fund shall be administered by the State~~
20 ~~Treasurer. The Treasurer may invest monies in the Benefits Fund in~~
21 ~~accordance with the provisions of 32 V.S.A. § 434 or, in the alternative, may~~

1 ~~enter into an agreement with the Commission to invest such monies in~~
2 ~~accordance with the standards of care established by the prudent investor rule~~
3 ~~under 14A V.S.A. § 902, in a manner similar to the Commission's investment~~
4 ~~of retirement system monies. All balances in the Benefits Fund at the end of~~
5 ~~the fiscal year shall be carried forward. Interest earned shall remain in the~~
6 ~~Benefits Fund. The Treasurer's annual financial report to the Governor and~~
7 ~~the General Assembly shall contain an accounting of receipts, disbursements,~~
8 ~~and earnings of the Benefits Fund. [Repealed.]~~

9 (d) Held in trust. All funds of the Benefits Fund shall be held in one or
10 more trusts, custodial accounts treated as trusts, or a combination thereof.
11 Contributions to the Benefits Fund shall be irrevocable, and it shall be
12 impossible at any time prior to the satisfaction of all liabilities, with respect to
13 employees and their beneficiaries, for any part of the corpus or income of the
14 Benefits Fund to be used for or diverted to purposes other than the payment of
15 retiree postemployment benefits to members and their beneficiaries and
16 reasonable expenses of administering the Benefits Fund and related benefit
17 plans. All balances in the Benefits Fund at the end of the fiscal year shall be
18 carried forward. Interest earned shall remain in the Benefits Fund.

19 * * *

1 Sec. 11. 3 V.S.A. § 521 is amended to read:

2 § 521. DEFINITIONS

3 As used in this chapter:

4 * * *

5 (4) “Plans” means the Vermont State Teachers’ Retirement System, the
6 Vermont State Employees’ Retirement System, ~~and the Vermont Municipal~~
7 ~~Employees’ Retirement System, the Retired Teachers’ Health and Medical~~
8 ~~Benefits Fund, and the State Employees’ Postemployment Benefits Trust Fund~~
9 pursuant to ~~section~~ sections 472 and 479a of this title, 16 V.S.A. §§ 1943 and
10 1944b, and 24 V.S.A. § 5063.

11 Sec. 12. 3 V.S.A. § 522 is amended to read:

12 § 522. VERMONT PENSION INVESTMENT COMMISSION

13 * * *

14 (i) Assistance and expenses.

15 (1) The Commission may collect proportionally from the ~~funds of the~~
16 ~~three retirement systems~~ Plans and any individual municipalities that have
17 been allowed to invest their retirement funds pursuant to subsection 523(a) of
18 this title, any expenses incurred that are associated with carrying out its duties,
19 and any expenses incurred by the Treasurer’s office in support of the
20 Commission.

1 (2) The Attorney General shall serve as legal advisor to the
2 Commission.

3 Sec. 13. 3 V.S.A. § 523 is amended to read:

4 § 523. VERMONT PENSION INVESTMENT COMMISSION; DUTIES

5 (a) General. The Vermont Pension Investment Commission shall serve as
6 the custodian of the funds and shall be responsible for the investment of the
7 assets of the ~~Vermont State Teachers' Retirement System, the Vermont State~~
8 ~~Employees' Retirement System, and the Vermont Municipal Employees'~~
9 ~~Retirement System pursuant to section 472 of this title, 16 V.S.A. § 1943, and~~
10 ~~24 V.S.A. § 5063 Plans.~~ The Commission shall strive to maximize total return
11 on investment, within acceptable levels of risk for public retirement systems,
12 in accordance with the standards of care established by the prudent investor
13 rule under 14A V.S.A. § ~~902~~ chapter 9. The Commission may, in its
14 discretion, subject to approval by the Attorney General, also enter into
15 agreements with municipalities administering their own retirement systems to
16 invest retirement funds for those municipal pension plans. ~~The State Treasurer~~
17 ~~shall serve as the custodian of the funds of all three retirement systems.~~ The
18 Commission may, in its discretion, also enter into agreements with the State
19 Treasurer to invest the State Employees' Postemployment Benefits Trust Fund,
20 established in section 479a of this title, and the Retired Teachers' Health and
21 Medical Benefits Fund, established in 16 V.S.A. § 1944b.

1 (b) Powers and duties. The Commission shall have the following duties:

2 (1) Set the following actuarial assumptions:

3 (A) the investment rate of return;

4 (B) the inflation rate; and

5 (C) the smoothing rate method used for the actuarial valuation of
6 assets and returns.

7 (2) Not more than 180 days after the end of each fiscal year, conduct an
8 asset allocation study that reviews the expected return of each ~~fund~~ Plan's
9 assets, including a risk analysis using best practices methodologies to estimate
10 potential risks to ~~the fund's~~ each Plan's asset values over a five-, 10-, and 20-
11 year period and the remainder of the statutory amortization period. The study
12 shall be submitted to the House Committee on Government Operations and
13 Military Affairs and the Senate Committee on Government Operations and the
14 Office of the Governor and made publicly available within 10 days of
15 following completion.

16 * * *

17 (d) Policies and limitations.

18 (1) Except as otherwise provided in this section, no member and no
19 employee of the Commission shall have any direct interest in the gains or
20 profits of any investment made by the Commission; nor shall any member or
21 employee of the Commission, directly or indirectly, for the member or

1 employee personally or as an agent, in any manner use the same except to
2 make such current and necessary payments as are authorized by the
3 Commission; nor shall any member or employee of the Commission become
4 an endorser or surety, or in any manner an obligor, for the monies loaned to or
5 borrowed from the Commission.

6 (2) The Commission shall formulate policies and procedures deemed
7 necessary and appropriate to carry out its functions, including a written
8 statement of the responsibilities of and expectations for the Chair of the
9 Commission and standards of conduct for members and employees of the
10 Commission in order to maintain and promote public confidence in the
11 integrity of the Commission. The standard of conduct policies shall prohibit
12 members and employees from receiving or soliciting any gift, including meals,
13 alcoholic beverages, travel fare, room and board, or any other thing of value,
14 tangible or intangible, from any vendor or potential vendor of investment
15 services, management services, brokerage services, and other services to the
16 Commission.

17 * * *

18 (f) Asset and liability study. Beginning on July 1, 2023, and every three
19 years thereafter, based on the most recent actuarial valuations of each Plan, the
20 Commission shall study the assets and liabilities of each Plan over a 20-year
21 period. The study shall:

1 year period and the funding ratio of each Plan to each Plan beneficiary at the
2 end of each fiscal year; and

3 (B) a report on the status of the funding and investment performance
4 of each Plan and any relevant information from the asset liability and scenario
5 testing completed during the prior fiscal year.

6 (2) The Commission shall send to each participant or beneficiary of
7 each Plan a written or electronic copy of the report described in subdivision
8 (1) of this subsection, in the format authorized by the participant or
9 beneficiary. The report shall be consolidated with any other reports required
10 to be sent by the Commission to the participants or beneficiaries of each Plan.

11 (3) Reports required by subdivision (1) of this subsection shall include
12 an accounting of receipts, disbursements, and earnings of the State Employees'
13 Postemployment Benefits Trust Fund established pursuant to section 479a of
14 this title and the Retired Teachers' Health and Medical Benefits Fund
15 established pursuant to 16 V.S.A. § 1944b.

16 (4) The provisions of 2 V.S.A. § 20(d) (expiration of required reports)
17 shall not apply to the reports to be made under this subsection.

18 (i) Securities depository. The Commission shall designate from time to
19 time a depository for the securities and evidences of indebtedness held in the
20 Plans and may contract for the safekeeping of securities and evidences of
21 indebtedness within and outside the State of Vermont in such banks, trust

1 companies, and safe-deposit facilities as it shall from time to time determine.
2 The necessary and incidental expenses of such safekeeping and for service
3 rendered, including advisory services in investment matters, shall be paid from
4 the operation expenses of the individual Plan as hereinafter provided. Any
5 agreement for the safekeeping of securities or evidences of indebtedness shall
6 provide for the access to such securities and evidences of indebtedness, except
7 securities loaned pursuant to a securities lending agreement as authorized by
8 subsection (j) of this section, at any time by the custodian or any authorized
9 agent of the State for audit or other purposes.

10 (j) Securities lending agreements. The Commission may authorize the loan
11 of its securities pursuant to securities lending agreements that provide for
12 collateral consisting of cash or securities issued or guaranteed by the U.S.
13 government or its agencies equal to 100 percent or more of the market value of
14 the loaned securities. Cash collateral may be invested by the lending
15 institution in investments approved by the Commission. Approval of
16 investments shall be made in accordance with the standard of care established
17 by the prudent investor rule under 14A V.S.A. chapter 9.

1 Sec. 14. 3 V.S.A. § 524 is amended to read:

2 § 524. VERMONT PENSION INVESTMENT COMMISSION SPECIAL
3 FUND

4 (a) Creation.

5 (1) There is hereby created the Vermont Pension Investment
6 Commission Special Fund, administered by the Vermont Pension Investment
7 Commission, for the purpose of receiving funds transferred to the Commission
8 pursuant to subsection 522(i) of this title. Monies in the Fund shall be used to
9 pay expenses associated with carrying out the Commission's duties.

10 (2) As used in this section, "Fund" means the Vermont Pension
11 Investment Commission Special Fund created by this section.

12 (b) Funds. The Fund shall consist of:

13 (1) any amounts collected and transferred by the ~~three retirement~~
14 ~~systems~~ Plans and any individual municipalities that have been allowed to
15 invest their retirement funds pursuant to subsection 523(a) of this title;

16 (2) any amounts transferred or appropriated to it by the General
17 Assembly; and

18 (3) any interest earned by the Fund.

19 Sec. 15. 16 V.S.A. § 1931 is amended to read:

20 § 1931. DEFINITIONS

21 As used in this chapter:

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* * *

(23) “Commission” means the Vermont Pension Investment
Commission created by 3 V.S.A. § 522.

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

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

* * *

~~(o) The Vermont Pension Investment Commission shall designate from
time to time a depository for the securities and evidences of indebtedness held
in the Pension Fund and may contract for the safekeeping of securities and
evidences of indebtedness within and outside the State of Vermont in such
banks, trust companies, and safe-deposit facilities as it shall from time to time
determine, and the necessary and incidental expenses of such safekeeping and
for service rendered, including advisory services in investment matters, shall
be paid from the Pension Fund. Any agreement for the safekeeping of
securities or evidences of indebtedness, except securities loaned pursuant to a
securities lending agreement as authorized by subsection (q) of this section,
shall provide for the access to such securities and evidences of indebtedness at
any time by the custodian or any authorized agent of the State for audit or
other purposes. [Repealed.]~~

* * *

1 members and to taxpayers of the State, but not less than three percent nor more
2 than five percent.

3 (c) ~~The State Treasurer shall be the custodian of the assets of the Pension~~
4 ~~Fund of the System. All payment from the Pension Fund shall be made by the~~
5 ~~Treasurer or by a deputy treasurer, only upon vouchers signed by two persons~~
6 ~~designated by the Board. A duly attested copy of a resolution of the Board~~
7 ~~designating such persons and bearing on its face specimen signatures of such~~
8 ~~persons shall be filed with the State Treasurer as authority for making~~
9 ~~payments upon such vouchers. No vouchers shall be drawn unless it has~~
10 ~~previously been authorized by resolution of the Board. [Repealed.]~~

11 (d) Except as otherwise provided in this section, no trustee and no
12 employee of the Board ~~or member of the Vermont Pension Investment~~
13 ~~Commission~~ shall have any direct interest in the gains or profits of any
14 investment made by the Commission; nor shall any trustee or employee of the
15 Board ~~or Commission~~, directly or indirectly, for ~~himself or herself~~ the trustee
16 or employee personally or as an agent, in any manner use the same except to
17 make such current and necessary payments as are authorized by the Board ~~or~~
18 ~~Commission~~; nor shall any trustee or employee of the Board ~~or Commission~~
19 become an endorser or surety, or in any manner an obligor, for the monies
20 loaned to or borrowed from the Board. The State Treasurer, with the approval
21 of the Board ~~and the Commission~~, shall adopt by rule standards of conduct for

1 trustees and employees of the Board in order to maintain and promote public
2 confidence in the integrity of the Board. Such rules shall prohibit trustees and
3 employees from receiving or soliciting any gift, including meals, alcoholic
4 beverages, travel fare, room and board, or any other thing of value, tangible or
5 intangible, from any vendor or potential vendor of investment services,
6 management services, brokerage services, and other services to the Board.

7 Sec. 18. 16 V.S.A. § 1944b is amended to read:

8 § 1944b. RETIRED TEACHERS' HEALTH AND MEDICAL BENEFITS

9 FUND

10 (a) There is established the Retired Teachers' Health and Medical Benefits
11 Fund (Benefits Fund) to pay retiree postemployment benefits when due in
12 accordance with the terms established by the Board of Trustees of the State
13 Teachers' Retirement System of Vermont pursuant to subsection 1942(p) and
14 section 1944e of this title. The Benefits Fund is intended to comply with and
15 be a ~~tax exempt~~ tax-exempt governmental trust under Section 115 of the
16 Internal Revenue Code of 1986, as amended. ~~The Benefits Fund shall be~~
17 ~~administered by the Treasurer.~~

18 * * *

19 (d) ~~The Treasurer may invest monies in the Benefits Fund in accordance~~
20 ~~with the provisions of 32 V.S.A. § 434 or, in the alternative, may enter into an~~
21 ~~agreement with the Vermont Pension Investment Commission to invest such~~

1 monies in accordance with the standards of care established by the prudent
2 investor rule under 14A V.S.A. § 902, in a manner similar to the
3 Commission's investment of retirement system monies. Interest earned shall
4 remain in the Benefits Fund, and all balances remaining at the end of a fiscal
5 year shall be carried over to the following year. The Treasurer's annual
6 financial report to the Governor and the General Assembly shall contain an
7 accounting of receipts, disbursements, and earnings of the Benefits Fund.

8 * * *

9 Sec. 19. 24 V.S.A. § 5062 is amended to read:

10 § 5062. RETIREMENT BOARD; MEDICAL BOARD; ACTUARY; RATES
11 OF CONTRIBUTION; SAFEKEEPING OF SECURITIES

12 * * *

13 (m) ~~The Vermont Pension Investment Commission shall designate from~~
14 ~~time to time a depository for the securities and evidences of indebtedness held~~
15 ~~in the Fund of the System and may contract for the safekeeping of securities~~
16 ~~and evidences of indebtedness within and without the State of Vermont in such~~
17 ~~banks, trust companies, and safe-deposit facilities as it shall from time to time~~
18 ~~determine. The necessary and incidental expenses of such safekeeping and for~~
19 ~~service rendered, including advisory services in investment matters, shall be~~
20 ~~paid from the operation expenses of the System as hereinafter provided. Any~~
21 ~~agreement for the safekeeping of securities or evidences of indebtedness shall~~

1 ~~provide for the access to such securities and evidences of indebtedness, except~~
2 ~~securities loaned pursuant to a securities lending agreement as authorized by~~
3 ~~subsection (o) of this section, at any time by the custodian or any authorized~~
4 ~~agent of the State for audit or other purposes. [Repealed.]~~

5 * * *

6 (o) ~~The Vermont Pension Investment Commission may authorize the loan~~
7 ~~of its securities pursuant to securities lending agreements that provide for~~
8 ~~collateral consisting of cash or securities issued or guaranteed by the U.S.~~
9 ~~government or its agencies equal to 100 percent or more of the market value of~~
10 ~~the loaned securities. Cash collateral may be invested by the lending~~
11 ~~institution in investments approved by the State Treasurer. Approval of~~
12 ~~investments shall be made in accordance with the standard of care established~~
13 ~~by the prudent investor rule under 9 V.S.A. chapter 147. [Repealed.]~~

14 Sec. 20. 24 V.S.A. § 5063 is amended to read:

15 § 5063. INVESTMENTS; INTEREST RATE; DISBURSEMENTS

16 * * *

17 (e) ~~Except as otherwise herein provided, no trustee and no employee of the~~
18 ~~Retirement Board or Vermont Pension Investment Commission shall have any~~
19 ~~direct interest in the gains or profits of any investment made by the~~
20 ~~Commission, nor shall any trustee, member of the Commission, or employee~~
21 ~~of the Board or Commission, directly or indirectly, for himself or herself the~~

1 trustee or employee personally or as an agent, in any manner use the same
2 except to make such current and necessary payments as are authorized by the
3 Board ~~or Commission~~; nor shall any trustee or employee of the Board ~~or~~
4 ~~Commission~~ become an endorser or surety, or in any manner an obligor, for
5 monies loaned to or borrowed from the Board.

6 * * * Pension Credits * * *

7 Sec. 21. 16 V.S.A. § 1944 is amended to read:

8 § 1944. VERMONT TEACHERS' RETIREMENT FUND

9 * * *

10 (b) Member contributions.

11 * * *

12 (12)(A) Any Group A or Group C member may elect to have included
13 in the member's creditable service years of service during which the member
14 exercised ~~his or her~~ the member's option not to be a member of the System.
15 Any member who so elects shall deposit in the Pension Fund by a single
16 contribution an amount computed at regular interest to be sufficient to provide
17 at normal retirement an annuity equal to one and two-thirds or two percent,
18 whichever is applicable pursuant to section 1937 of this title, of the member's
19 average compensation multiplied by the number of years of service for which
20 the member elects to receive credit.

1 the Committee shall submit to the Governor and the General Assembly the
2 Committee's estimate of net State tax-supported debt that prudently may be
3 authorized for the next fiscal year, together with a report explaining the basis
4 for the estimate. The Committee's estimate shall not take into consideration
5 the balance remaining at the end of each fiscal year in the subaccounts of the
6 Cash Fund for Capital and Essential Investments, established pursuant to
7 section 1001b of this title. The provisions of 2 V.S.A. § 20(d) (expiration of
8 required reports) shall not apply to the report to be made under this subsection.
9 In developing its annual estimate, and in preparing its annual report, the
10 Committee shall consider:

11 * * *

12 (4) The criteria that recognized bond rating agencies use to judge the
13 quality of issues of State bonds, including:

14 (A) existing and projected total debt service on net tax-supported
15 debt as a percentage of combined General and Transportation Fund revenues,
16 excluding surpluses in these revenues that may occur in an individual fiscal
17 year;

18 (B) existing and projected total net tax-supported debt outstanding as
19 a percentage of total State personal income;

20 (C) existing and projected pension and other postemployment benefit
21 liability metrics; and

1 (D) other metrics at the Committee's discretion adopted by
2 recognized bond rating agencies, including long-term liabilities not covered in
3 subdivisions (A)–(C) of this subdivision (4).

4 * * *

5 (11) ~~The capital asset depreciation ratio reflecting unfunded capital~~
6 ~~maintenance costs~~ Measures reflecting the remaining useful life of State
7 infrastructure and the potential for future capital maintenance and replacement
8 costs.

9 * * *

10 * * * Positions * * *

11 Sec. 24. OFFICE OF THE STATE TREASURER; POSITIONS

12 The following new permanent classified positions are created within the
13 Office of the State Treasurer:

14 (1) two full-time, classified Program Tech IIIs in the Unclaimed
15 Property Division; and

16 (2) one full-time, classified Policy and Research Manager in the
17 Retirement Division.

Sec. 24. [Deleted.]

18 * * * Effective Dates * * *

19 Sec. 25. EFFECTIVE DATES

20 This act shall take effect on July 1, 2026, except that:

- 1 (1) this section and Sec. 7 (Pension and Benefits Funding Task Force)
2 shall take effect on passage; and
3 (2) Sec. 3 (unclaimed property expenses and service charges sunset)
4 shall take effect on January 1, 2040.