

1 S.156

2 Introduced by Senators Gulick, Major, Vyhovsky and White

3 Referred to Committee on

4 Date:

5 Subject: Executive; retirement; Vermont State Employees' Retirement System

6 Statement of purpose of bill as introduced: This bill proposes to amend the
7 membership, normal retirement allowance, and contribution rates for Group G
8 in the Vermont State Employees' Retirement System. This bill also proposes
9 to allow a member of the State Employees' Retirement System to earn
10 creditable service for employment in a temporary or seasonal position with the
11 State and expands the circumstances where a member may receive creditable
12 service for prior military service without the need to make contributions. In
13 addition, this bill proposes to create a statutory contractual right for members
14 of the State Employees' Retirement System.

15 An act relating to miscellaneous amendments to the Vermont State
16 Employees' Retirement System

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

18 Sec. 1. 3 V.S.A. § 455 is amended to read:

19 § 455. DEFINITIONS

20 (a) As used in this subchapter:

* * *

(4) “Average final compensation” shall mean:

* * *

(E) For Group A, C, F, or G members who retire on or after July 1, 2012, an increase in compensable hours in any year used to calculate average final compensation that exceeds 120 percent of average compensable hours, except for compensable hours resulting from mandatory overtime, shall be excluded from that year when calculating average final compensation.

* * *

(11) “Member” means any employee included in the membership of the Retirement System under section 457 of this title.

* * *

(F) “Group G member” means:

(i) the following employees who are first employed in the positions listed in this subdivision (F)(i) on or after July 1, 2023, or who are members of the System as of June 30, 2022 and make an irrevocable election to prospectively join Group G on or before June 30, 2023, pursuant to the terms set by the Board: facility employees of the Department of Corrections, as Department of Corrections employees who provide direct security and treatment services to offenders under supervision in the community, employees of a facility for justice-involved youth, ~~and~~ employees of the Vermont

1 Psychiatric Care Hospital or its successor in interest, who provide direct
2 patient care, and classified employees of the public safety answering points,
3 the Family Services Division of the Department for Children and Families, the
4 Vermont Veterans' Home, and the Department of State's Attorneys and
5 Sheriffs; and

6 * * *

7 Sec. 2. 3 V.S.A. § 458 is amended to read:

8 § 458. CREDITABLE SERVICE; MILITARY SERVICE

9 (a) With respect to service rendered prior to the date of membership, each
10 employee who, pursuant to subsection 457(a) of this title, became a member of
11 the retirement system shall have included as prior service hereunder all service
12 credited to ~~him or her~~ the employee as creditable service under the terms of
13 one or both of the predecessor systems, provided ~~his or her~~ the employee's
14 membership continues unbroken until ~~his or her~~ the employee's retirement.

15 * * *

16 (j) Credit shall also be granted for any member who, prior to becoming a
17 member of the System, was employed in a temporary or seasonal position for
18 the State as defined in section 331 of this title.

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

20 § 459. NORMAL AND EARLY RETIREMENT

21 * * *

1 (b) Normal retirement allowance.

2 * * *

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

11 (B) For a Group C member, for each year of service that is completed
12 on or after July 1, 2022 after attaining the later of 50 years of age or
13 completing 20 years of service, a member's maximum normal retirement
14 allowance shall increase by an amount equal to one and one-half percent of the
15 member's average final compensation.

16 * * *

17 (6)(A) Upon normal retirement pursuant to subdivisions
18 455(a)(13)(E)(i), (iii), (iv), and (vi) of this chapter, a Group G member shall
19 receive a normal retirement allowance equal to ~~two and one-half of a percent~~
20 ~~of the member's average final compensation times years of membership~~

1 ~~service in Group G. The maximum retirement allowance shall be 50 percent of~~
2 ~~average final compensation.~~

3 (B) Upon normal retirement pursuant to subdivisions
4 455(a)(13)(E)(ii) and (v) of this chapter, a Group G member shall receive a
5 normal retirement allowance equal to ~~two and one-half of a percent of the~~
6 ~~member's average final compensation times years of membership service in~~
7 ~~Group G. The maximum retirement allowance shall be 60 percent of average~~
8 ~~final compensation~~ one and one-half percent of the member's average final
9 compensation.

10 * * *

11 Sec. 4. 3 V.S.A. § 473 is amended to read:

12 § 473. FUNDS

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

15 (b) Member contributions.

16 * * *

17 (2) Groups A, C, D, F, and G members.

18 (A) Group A members. Commencing on July 1, 2016, contributions
19 shall be 6.55 percent of compensation for Group A members.

20 * * *

1 (E) Group G members. ~~Commencing on July 1, 2023, the~~
2 ~~contribution rate for Group G members shall be based on the quartile in which~~
3 ~~a member's hourly rate of pay falls. Quartiles shall be determined annually in~~
4 ~~the first full pay period of each fiscal year by the Department of Human~~
5 ~~Resources based on the combined hourly rate of pay of all Group F and Group~~
6 ~~G members. The contribution rates shall be based on the schedule set forth~~
7 ~~below:~~

8 (i) ~~Based on the quartiles for the first full pay period of each fiscal~~
9 ~~year and effective the first full pay period in that fiscal year, for members who~~
10 ~~have an hourly rate of pay in any pay period below the 25th percentile of~~
11 ~~Group F and Group G member hourly rates of pay, the contribution rate shall~~
12 ~~be 11.23 percent of compensation~~ Commencing the first full pay period in
13 fiscal year 2026, the contribution rate for Group G members shall be 8.93
14 percent of compensation.

15 (ii) ~~Based on the quartiles for the first full pay period of each~~
16 ~~fiscal year and effective the first full pay period in that fiscal year, for members~~
17 ~~who have an hourly rate of pay in any pay period at the 25th percentile and~~
18 ~~below the 50th percentile of Group F and Group G member hourly rates of~~
19 ~~pay, the contribution rate shall be as follows:~~

20 ~~(i) commencing in fiscal year 2024, 12.23 percent of~~
21 ~~compensation; and~~

1 ~~(II) commencing in fiscal year 2025 and annually thereafter,~~
2 ~~12.73 percent of compensation~~ Commencing the first full pay period in fiscal
3 year 2026, the contribution rate for Group G members shall be 9.43 percent of
4 compensation.

5 (iii) ~~Based on the quartiles for the first full pay period of each~~
6 ~~fiscal year and effective the first full pay period in that fiscal year, for members~~
7 ~~who have an hourly rate of pay in any pay period at the 50th percentile and~~
8 ~~below the 75th percentile of Group F and Group G member hourly rates of~~
9 ~~pay, the contribution rate shall be as follows:~~

10 ~~(I) commencing in fiscal year 2024, 12.23 percent of~~
11 ~~compensation;~~

12 ~~(II) commencing in fiscal year 2025, 12.73 percent of~~
13 ~~compensation; and~~

14 ~~(III) commencing in fiscal year 2026 and annually thereafter,~~
15 ~~13.23 percent of compensation~~ Commencing the first full pay period in fiscal
16 year 2026 and annually thereafter, the contribution rate for Group G members
17 shall be 9.93 percent of compensation.

18 (iv) ~~Based on the quartiles for the first full pay period of each~~
19 ~~fiscal year and effective the first full pay period in that fiscal year, for members~~
20 ~~who have an hourly rate of pay in any pay period at or above the 75th~~

1 ~~percentile of Group F and Group G member hourly rates of pay, the~~
2 ~~contribution rate shall be as follows:~~

3 ~~(I) commencing in fiscal year 2024, 12.23 percent of~~
4 ~~compensation;~~

5 ~~(II) commencing in fiscal year 2025, 12.73 percent of~~
6 ~~compensation;~~

7 ~~(III) commencing in fiscal year 2026, 13.23 percent of~~
8 ~~compensation; and~~

9 ~~(IV) commencing in fiscal year 2027 and annually thereafter,~~
10 ~~13.73 percent of compensation. [Repealed.]~~

11 * * *

12 Sec. 5. 3 V.S.A. § 477a is amended to read:

13 § 477a. ELECTIONS

14 (a)(1) Any member who has rendered 15 years of creditable service and
15 who has, prior to becoming a member of the System, served a minimum of one
16 full year of full-time service in the military or one full year of full-time service
17 as a member of the Cadet Nurse Corps in World War II, the Peace Corps,
18 VISTA, or AmeriCorps for which the member has derived no military pension
19 benefits, may elect to have included in the member's creditable service all or
20 any part of the member's military, Cadet Nurse Corps, Peace Corps, VISTA,
21 or AmeriCorps service not exceeding five years. Any member who so elects

1 shall deposit in the Fund by a single contribution the amount or amounts
2 determined by the System's actuary to be cost neutral to the System.

3 (2)(A) Notwithstanding the provisions of this subsection (a), any
4 member shall, upon application, be granted up to three years of credit for
5 military service during the following conflicts or periods:

6 (i) June 25, 1950; through January 31, 1955; February 28, 1961;
7 through August 4, 1964, if service was performed in what is now the Republic
8 of Vietnam; and August 5, 1964; through May 7, 1975;

9 (ii) Operation Urgent Fury;

10 (iii) Operation Desert Shield;

11 (iv) Operation Desert Storm;

12 (v) Operation Desert Sabre;

13 (vi) Operation Gothic Serpent;

14 (vii) Operation Deliberate Force;

15 (viii) Operation Joint Endeavor;

16 (ix) Operation Allied Force;

17 (x) Operation Enduring Freedom;

18 (xi) Operation Freedom Sentinel;

19 (xii) Operation Iraqi Freedom; and

20 (xiii) Operation Odyssey Dawn.

(4) Notwithstanding the foregoing, in the event of a conflict between the provisions of this subsection and the provisions of 10 U.S.C. § 12736 concerning the counting of the same full-time military service toward both military and State pensions, the provisions of the U. S. Code shall control.

Sec. 6. 3 V.S.A. § 480c is added to read:

The provisions of this chapter shall be deemed to establish a contractual relationship between a member and the Retirement System, provided that the contractual relationship is established following a member's initial contribution to the Retirement System. No amendments shall be made that

1 shall diminish or impair a member's rights or benefits provided under this
2 contractual relationship.

3 Sec. 7. MILITARY CONFLICTS AS CREDITABLE SERVICE IMPACTS
4 STUDY

5 The State Treasurer shall study the fiscal impacts of including the military
6 conflicts listed in Sec. 5 of this act for eligible creditable service under 3
7 V.S.A. § 477a and report findings and recommendations to the House
8 Committee on Government Operations and Military Affairs and the Senate
9 Committee on Government Operations on or before January 15, 2026.

10 Sec. 8. EFFECTIVE DATE

11 This act shall take effect on July 1, 2025, except that Sec. 5 (elections) shall
12 take effect on July 1, 2026.