



# **Vermont State Treasurer**

## **2025 Annual Report**

**Mike Pieciak, State Treasurer**  
*January 15, 2026*



*To Governor Philip B. Scott, the members of the Vermont House and Senate, and the people of Vermont:*

As Vermont State Treasurer, I am pleased to submit the 2025 Treasurer's Office Annual Report.

In 2025, our work focused on lowering Vermonters' costs, strengthening their financial security, and making our economy more resilient, all while keeping our state finances strong. By creating new partnerships and initiatives, and building on existing ones, we continue to make meaningful progress toward these goals.

Facing the realities of a new administration in Washington, the Treasurer's Office worked with Vermonters to assess and mitigate the impact of changes to federal support. To support these efforts, I formed a task force that issued a report outlining recommendations to strengthen Vermont's economic outlook amid changes to programs and rules.

The Treasurer's Office continued to make historic investments in our communities. The 10% in Vermont program supported the development of over 500 new housing units. Our office championed a legislative proposal to eliminate \$100 million in medical debt and protect credit scores. The proposal is now law and will be implemented in early 2026.

This year was another record-setting year for our Unclaimed Property Division, returning nearly \$10 million to Vermonters across more than 30,000 claims. In our Retirement Division, Vermont's public pensions remain on a strong path toward full funding—saving taxpayers billions in future costs and achieving an affordable retirement for our dedicated public servants.

Our Vermont Saves program, led by our growing Economic Empowerment Division, continues to strengthen retirement security for private-sector workers. In only its first year of operation, the program helped thousands of workers collectively save \$4.5 million for the future. I look forward to reporting on the continued growth of Vermont Saves in the years to come.

In submitting this report, I want to recognize the dedication of my staff—one of the leanest state treasuries in the country—whose efforts turn our policies, programs, and investments into real outcomes benefiting our state.

I also share this report with gratitude for Vermonters—with deep appreciation for your trust and the opportunity to join you in this work. It is the honor of my life to serve you and give back to the state that has given me so much.

I look forward to continuing this work alongside you in 2026—investing in every Vermonter's success and a future where everyone can afford to live with dignity.

All my best,



Mike Pieciak  
Vermont State Treasurer

# Table of Contents

<b>KEY PROGRAM SUMMARIES.....</b>	<b>4</b>
ECONOMIC EMPOWERMENT DIVISION .....	4
CLIMATE SUPERFUND COST ASSESSMENT .....	4
DEBT MANAGEMENT, SHORT-TERM CASH, AND FUND MANAGEMENT.....	4
LOCAL INVESTMENT PROGRAM: 10% IN VERMONT .....	5
VERMONT STATE RETIREMENT SYSTEMS .....	5
UNCLAIMED PROPERTY .....	6
<b>DETAILED PROGRAM OVERVIEWS .....</b>	<b>6</b>
ECONOMIC EMPOWERMENT DIVISION .....	6
<i>Vermont Saves Program</i> .....	6
<i>Baby Bonds Pilot Program</i> .....	8
<i>Medical Debt Relief Program</i> .....	9
<i>Vermont Achieving a Better Life Experience (ABLE)</i> .....	10
<i>Financial Wellbeing</i> .....	11
DEBT MANAGEMENT, SHORT-TERM CASH, AND FUND MANAGEMENT.....	11
<i>Debt Management</i> .....	11
<i>Cash Management</i> .....	12
<i>Fund Management</i> .....	13
VERMONT STATE RETIREMENT SYSTEMS .....	13
<i>Systems Overview</i> .....	13
<i>Other Post-employment Benefits</i> .....	15
<i>FY2025 Fund Performance</i> .....	15
<i>Actuarially Determined Employer Contributions</i> .....	16
<i>Planning for the Future</i> .....	16
<i>Transition to HealthSpring</i> .....	17
UNCLAIMED PROPERTY .....	18
<i>Overview of Rapid Growth</i> .....	18
<i>Holder Reporting and Growth in Incoming Property</i> .....	19

# Key Program Summaries

## Economic Empowerment Division

In 2024, I created the [Economic Empowerment Division](#) (Division) in the Office of the State Treasurer to focus on a key priority of my tenure - improving the economic security of all Vermonters. The Division, led by Director Becky Wasserman, develops and implements State initiatives aimed at promoting: (1) financial security, (2) equitable access to economic opportunities, and (3) more sustainable and inclusive financial markets.

Initially, the Division housed the Vermont Saves Program but has grown to include additional programs and initiatives aimed at securing the financial wellbeing of Vermonters. These include the Vermont Saves Program, the Baby Bonds Trust Program, the Medical Debt Relief Program, and financial wellbeing efforts. The Division also now includes the Vermont Achieving a Better Life Experience (ABLE) Program, a program administered by the Office since 2017.

This Annual Report serves to meet the reporting requirements for the Vermont Saves Program<sup>1</sup>.

## Climate Superfund Cost Assessment

My office is leading an 18-month project, as directed by the Climate Superfund Act, to assess the financial costs to Vermont of fossil-fuel driven climate change. The Act allows Vermont to recover those costs and use the funds to support climate adaptation projects.

This cost assessment, led in my office by Sue Minter working in concert with the Climate Action Office, has contracted with leading experts in climate science and impact assessment to develop the analysis. This analysis will include: (1) a summary of the various cost-driving effects of "covered greenhouse gas emissions" (as established in statute) on Vermont; (2) a categorized calculation of the costs that have been incurred and are projected to be incurred in the future within Vermont for each of the identified effects; and (3) a similar calculation of the costs to abate the effects of covered greenhouse gas emissions on the State of Vermont and its residents. The Cost Assessment report will be presented to the Legislature in January 2027.

## Debt Management, Short-Term Cash, and Fund Management

My office's Operations Division, directed by Chief Financial Officer Jeremiah Breer, is responsible for issuing and managing State debt in a prudent, cost-effective manner. Vermont's strong bond ratings reflect this long-standing commitment by my office and by Governors and Legislatures past and present. The State currently holds an Aa1 rating from

---

<sup>1</sup> 3 V.S.A. chapter 18 requires an update to the General Assembly and the Administration including "activities, operations, receipts, and expenditures of the Program during the preceding calendar year, and any other information regarding the Program. The report shall include, as applicable, the number of participants, the investment options, rates of return, and the projected activities of the Program for the current calendar year."

Moody's Investors Service and AA+ ratings from both Fitch Ratings and S&P Global Ratings—the second-highest ratings from all three agencies.

The Operations Division manages, on average, approximately \$1.8 billion in short-term cash holdings, with annual inflows and outflows exceeding \$9 billion. Our cash management policy prioritizes liquidity and safety, and all deposits are either fully insured or 100% collateralized.

In addition, my office administers several funds that support the work of state and local governments. Further details are provided in the Detailed Program Overview section below.

## Local Investment Program: 10% in Vermont

In 2023, my office revitalized the 10% in Vermont Local Investment Program with the new investment priorities of housing, climate change mitigation, adaptation, and resilience, and social equity goals. A separate report with additional information is available [here](#). I am pleased to report that in 2024 the Legislature adopted our recommendation to expand upon the Treasurer's credit facility authorization to allow for an additional 2.5% to provide financing for climate infrastructure and resilience projects. Not only will this expansion provide a much-needed capital source for future projects, we were also able to pivot quickly to provide extended short-term loans to municipalities awaiting FEMA reimbursements for flood-relief activities, in partnership with the Vermont Bond Bank. I look forward to continuing to invest these dollars in key economic development projects throughout Vermont in 2025. This work will proceed alongside continued engagement with the priorities identified in [Vermont's Resilience Implementation Strategy](#), which my office was pleased to develop in partnership with the Vermont Agency of Natural Resources and many others across state government.

## Vermont State Retirement Systems

I am pleased to report that our retirement systems, headed by Systems Director Tim Duggan and Retirement Operations and Policy Director Nicole Weidman, had another strong year of funding increases. We are now at funding levels we have not seen since 2016 for the State system and 2011 for the Teachers' system. This funding improvement is due in large part to the good work of the Legislature in passing Act 114 of 2022 and the strong investment returns achieved by the Vermont Pension Investment Committee over the past few years.

Our biggest initiative this year was the change in health insurance providers for our Medicare-eligible retired teachers. This transition not only maintains benefit levels for our retirees, it saves over \$20 million for the State each year going forward. While we did not anticipate this challenge at the start of the year, I am proud of how our office responded to a difficult and unexpected development mid-year and found a successful path forward for retirees and the State.

## Unclaimed Property

The goal of our Unclaimed Property Division, led by Director Al LaPerle, is to reunite individuals with their unclaimed financial property. Over the past several years I have prioritized efforts to return property to Vermonters through a variety of outreach efforts. These have led to a dramatic increase in claims processed and property returned.

In FY25 we processed 31,593 claims paid totaling \$9.45 million. This is an increase of more than 13,000 claims processed and \$5.65 million returned as compared to FY23, just two years prior.

Through December 31, 2025 — the midpoint of FY26 — Vermont's Unclaimed Property Program continues to perform at a high level. In the first six months of the fiscal year, we paid 13,418 claims, returning \$3,347,540.79 to Vermonters. These results reflect a sustained increase driven largely by our expanding MoneyBack partnership with the Tax Department.

## Detailed Program Overviews

### Economic Empowerment Division

#### **Vermont Saves Program**

In 2023, the General Assembly passed Act 43, authorizing the creation of the Vermont Saves Program. Vermont Saves is a state-facilitated retirement savings plan that was established for the purpose of increasing financial security for Vermonters by providing access to Roth IRA for Vermont employees of companies that do not currently offer a retirement savings plan. The Program requires that covered employers with five or more employees automatically enroll their employees into Vermont Saves. Through payroll deductions, these eligible employees will be able to contribute to a Roth IRA account that will be managed by a private program administrator. The Program operates at no cost to the employer and – once Program assets are sufficient – no ongoing cost to the State beyond the initial appropriation. Program costs to participating employees are modest as well and will be lower over time as the Partnership's accounts under management grow. Importantly, the Program is voluntary for eligible employees, who can opt out or modify their contribution level at any time. It is estimated that approximately 80,000 Vermonters are eligible to participate in Vermont Saves.

In June 2024, the Treasurer's Office joined the Colorado SecureSavings Program in the Partnership for a Dignified Retirement (PDR), an interstate consortium now including Delaware, Maine, Nevada, and Minnesota. Through the PDR, Vermont Saves uses a central contract with Vestwell, which serves as the Program Administrator and recordkeeper for the Program and with BNY Mellon, which serves as the custodian bank. As part of the PDR, savers in the Program are offered a set menu of five investment options – a capital preservation fund (or money market fund), a target date series of funds, an international equity fund, a bond index fund, and

a domestic asset class fund. Vermont has benefitted from the PDR negotiating very reasonable expense ratios on these funds, and those ratios will drop over time as total partnership assets and funded accounts grow.

Vermont Saves launched statewide to all employers on December 1, 2024. As of January 6, 2026, the Program had 1283 registered employers, 5316 funded accounts, and \$4,751,868.27 in assets under management. The average contribution amount per account (in the past 30 days) is \$159.47 and there are 878 pending accounts within the 30-day window for employees to opt out of the Program. The average contribution rate for the Program is 5.04%.

In the Program's second year, the Treasurer's Office will continue outreach and education, with a focus on expanding participation and supporting employers through compliance. Subject to the approval of an amendment to our Program rules, the Program's eligibility will be expanded to any employer with two or more employees in 2026 and any part-time, seasonal, or temporary employees, regardless of the number of hours worked. The Treasurer's Office submitted a proposed amendment to the Vermont Saves Program with these changes to the Secretary of State's Office on October 28, 2025. A public hearing was held on December 8, 2025. A final proposed rule was submitted to the Legislative Committee on Administrative Rules (LCAR) and we are tentatively scheduled on the January 15, 2026 LCAR agenda.

In 2023, the General Assembly appropriated \$750,000 for the operations of the Vermont Saves Program. Provided in Attachment A are FY 2025 Program expenses and FY 2026 YTD expenses, which primarily represent salary and benefits, advertising and marketing costs, and investment consultant services. As suggested by the attached figures, it is necessary to seek a modest supplement to support the Program until it reaches a point of self-sufficiency. We have proposed to the Legislature a mechanism to support the Vermont Saves Program using existing revenue until the Program will generate a surplus.

**ATTACHMENT A**  
**1/12/2026**

**FISCAL YEAR 2026 BUDGET**  
**Vermont Saves Initiative**

Service/Category	FY 2024 Actual	FY 2025 Budget Estimate	FY 2025 YTD Expenses	FY 2026 Expenses	FY 2026 Remaining Estimate
<b><u>Salaries/Benefits</u></b>					
Salaries	85,396	\$ 76,776	\$ 95,867	\$ 67,787	\$ 67,787
Benefits	42,040	38,290	57,470	7,116	61,802
Temporary Employees	-	-	-	-	-
Other Employment Costs	-	-	-	30,761	30,761
Subtotal	127,436	115,065	153,337	105,665	160,351
<b><u>Agency Support</u></b>					
Attorney General/Legal	-	-	-	-	-
Auditor of Accounts	-	-	-	-	-
Human Resources	-	-	-	-	-
Subtotal	-	-	-	-	-
<b><u>Third Party Support</u></b>					
Third Party Fin Paid through 1260010000	-	-	131,839	12,500	30,000
Other Third Party Support	-	25,000	31,791	-	25,000
Subtotal	-	25,000	163,630	12,500	55,000
<b><u>Office and Administrative Support</u></b>					
Per Diem and Other Service	-	-	-	-	-
Repairs & Maintenance	1,150	-	-	-	-
Insurance (not employee related)	-	-	-	-	-
IT Hardware/Software/Supplies	432	-	-	-	5,000
Communications	-	-	-	-	-
Third Party Marketing paid through 1260010000	-	-	-	-	-
Advertising & Other Media Costs	25,000	-	30,927	1,000	30,000
Printing/Binding	-	-	2,224	2,200	2,500
Postage/BGS	-	-	-	-	-
Fee for Space	-	-	-	-	-
Building Repair & Improvements	-	-	-	-	-
Other Rentals	-	-	-	-	-
Office Supplies	147	-	-	120	-
FMS/HRMS/VISION Assessment	-	-	-	-	-
Dues/Subscriptions	-	-	-	-	-
Office Equipment	-	-	-	-	-
Meetings and Conferences	710	-	829	2,500	750
Travel	1,117	-	1,383	-	500
Miscellaneous	84	-	1,031	-	1,031
Subtotal	\$ 28,640	\$ -	\$ 36,394	\$ 5,820	\$ 39,781
<b>Total</b>	<b>\$ 156,076</b>	<b>\$ 140,065</b>	<b>\$ 353,361</b>	<b>\$ 123,985</b>	<b>\$ 255,132</b>
<b><u>Funding Sources</u></b>					
Vermont saves One-Time	\$ 750,000		\$ 593,924	\$ 240,563	\$ 116,578
<b>Total</b>	<b>\$ 593,924</b>		<b>\$ 240,563</b>	<b>\$ 116,578</b>	<b>\$ (138,554)</b>

Check Figures	750,000	593,924	240,563	116,578
Less Spending FY	156,076	353,361	123,985	324,668
	593,924	240,563	116,578	(208,090)

on 6/30/24

Calendar Year 2024 (FY24 & FY25 YTD Actuals)

**\$ 509,436.85**

\*The Treasurer's Office shall offset any FY 2026 budget deficit through vacancy savings

## Baby Bonds Pilot Program

In 2024, the General Assembly passed Act 184, establishing the Baby Bonds Trust Program in 3 V.S.A. chapter 20. Simultaneously, the General Assembly authorized the Treasurer's Office to implement a Baby Bonds Pilot Program ("Pilot Program"), funded by philanthropic donations, for the purpose of generating data and learnings on the design and implementation of the permanent Baby Bonds Trust Program using a smaller cohort of baby bonds recipients in the State.

In 2025, the Vermont State Treasurer's Office began the research and planning phase of the Pilot Program. Through this process we connected with the National Diaper Bank Network and the MOMS Partnership®, which were looking to partner with projects aimed at maternal health

and wealth building. The Treasurer's Office proposes to implement the Pilot as part of a three-year "Super Bundle" in partnership with these two organizations.

The Super Bundle pilot will launch in Winter 2026, enrolling 150-165 pregnant people, receiving Reach Up (TANF) in Caledonia, Essex, and Orleans counties in the Northeast Kingdom. During each of the two next years, a new cohort of 150-165 participants will be enrolled. Over the three-year period, approximately 450 babies born on Medicaid in the Northeast Kingdom will receive a baby bond. The proposed "Super Bundle" will:

- address maternal stress by meeting basic material needs like diapers, and strengthening mental health skills through the MOMS Partnership®;
- provide income supports through cash transfers to help address immediate economic shocks in the pregnancy and postpartum period; and
- undertake wealth building through a baby bonds program to directly address the economic shocks families experience during the childbearing years.

The Treasurer's Office will oversee the baby bonds portion of the "Super Bundle," which will provide every child born on Medicaid in the Northeast Kingdom during a three-year period an initial investment of \$3,200. By the time these children reach the age of 18, they will have a substantial nest egg – likely between \$18,000 and \$25,000 - to start their future. Under the program, funds can only be used for wealth-building purchases such as buying a home, starting a business, pursuing higher education, or saving for retirement. To claim the baby bond, the child must be a Vermont resident, making the program a direct investment into our State's economy.

In 2026, the Treasurer's Office will focus on fundraising, program design, and building partnerships for the Pilot. To ensure operational success of the Vermont Baby Bonds pilot portion of the Super Bundle, the Treasurer's Office seeks to raise \$1.5 million. In November 2025, M&T Bank announced a \$300,000 commitment to the Pilot over a three-year period.

### **Medical Debt Relief Program**

In May 2025, the General Assembly passed Act 21, authorizing the Treasurer to establish a medical debt relief program by contracting with a nonprofit to acquire and repay certain medical debts incurred by Vermont residents.

To implement this Program, the Office finalized a partnership with Undue Medical Debt, in December 2025. Undue Medical Debt is a nonprofit that has worked with charities and local governments across the country to abolish billions of dollars in medical debt.

Undue Medical Debt will accomplish the debt relief in Vermont by negotiating the purchase of residents' medical debt from hospitals and health care providers. Once the debt is purchased, it will be forgiven, and any negative impacts to the debtor's credit will be removed.

Vermonters are eligible for debt relief through the Program if they (1) have debts in "terminal bad debt status" and (2) meet one of the following financial criteria:

- belong to a household at or below 400% of the Federal Poverty Level (currently \$60,240 for an individual, \$124,800 for a family of four); or
- have medical debt that equals or exceeds 5% of their household income.

Vermonters who qualify for debt relief will be automatically enrolled in the Program and will receive notice from the State when their medical debt is eliminated.

In 2026, the Treasurer's Office is focused on identifying potential hospitals and healthcare providers who will work with Undue Medical Debt to abolish patient debts.

### **Vermont Achieving a Better Life Experience (ABLE)**

In 2017, Vermont joined a multi-state partnership headed by the Ohio State Treasurer's Office's STABLE program to offer 529-A ABLE accounts to Vermonters experiencing disabilities. These accounts fall within Section 529 of the Internal Revenue Code of 1986 and function as tax-free savings vehicles for disability-related expenses. They enable Vermonters with disabilities to have assets without endangering their eligibility for means-tested programs.

As of January 6, 2026, there are 1,334 active Vermont ABLE accounts. The average account balance is \$11,229.46 and the total assets under management have grown to \$14,980,098.68. We are pleased to report that this represents nearly \$3 million in growth over last year's total assets.

Additionally, we have 245 Vermont ABLE account participants that are utilizing the STABLE card feature of the accounts, which is a reloadable debit card that makes it easier to track qualified expenses and implement spending protections. The Treasurer's Office currently subsidizes the monthly fee for participants that use this feature, at a cost of approximately \$1200 per month.

In 2025, the Treasurer's Office engaged in a public outreach campaign to increase ABLE participant growth. As part of this effort, the Treasurer offered a \$25 incentive to anyone who opened an ABLE account in Vermont during the month of April.

As of January 1, 2026, the ABLE Age Adjustment Act expanded the scope of eligibility for ABLE accounts to individuals who experienced the onset of disability before age 46, rather than the current age limit of 26. This will expand ABLE eligibility to more adults, including many veterans. The Treasurer's Office will focus on a public outreach and awareness campaign about changes

to ABLE in 2026. For more information on the Vermont ABLE program, as well as instructions on how to enroll, please visit: [VermontABLE.com](https://VermontABLE.com).

### **Financial Wellbeing**

In November 2025, Treasurer Pieciak facilitated a financial literacy partnership between NorthCountry Federal Credit Union and the State's Department of Corrections to provide financial education and banking services to incarcerated individuals preparing for reentry. The initiative is aimed at helping individuals successfully transition back into their communities and strengthen Vermont's workforce and economy. The Program is initially being offered at the Southern State Correctional Facility in Springfield, Vermont.

In 2026, the Office will continue to explore opportunities to expand free banking access and financial education opportunities to more Vermonters.

## **Debt Management, Short-Term Cash, and Fund Management**

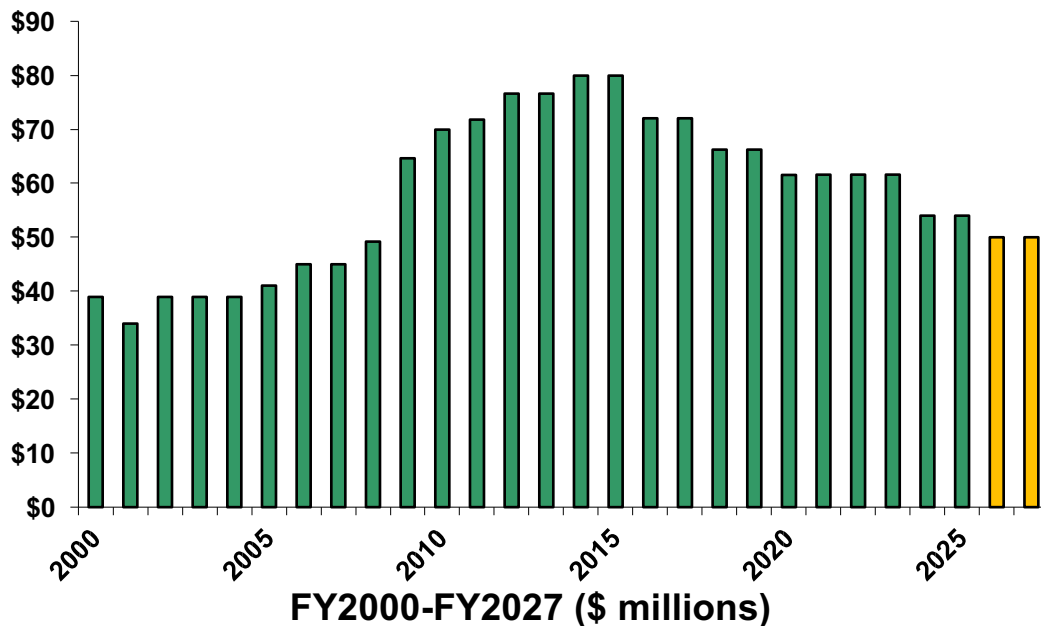
### **Debt Management**

My office is responsible for issuing and managing State debt in a prudent and cost-effective manner. Our state's excellent bond ratings reflect a commitment to this approach by my office as well as Governors and Legislatures past and present. Vermont currently receives an Aa1 rating from Moody's Investors Service, an AA+ rating from Fitch Ratings, and an AA+ rating from S&P Global Ratings. These are the second-highest ratings available from all three agencies. In November, all three agencies reaffirmed these ratings. In December, the State issued \$59.8 million of Series A bonds, which generated \$66.9 million for new capital projects and \$66.4 million of Series B bonds that saved the state \$2.3 million due to the refinancing. The State had \$557,100,000 of general obligation bonds outstanding after this transaction.

A key component of Vermont's rating strength is the debt affordability authorization process of the Capital Debt Affordability Advisory Committee (CDAAC). The most recent CDAAC report is found [here](#).

Vermont's modest level of debt, whether in nominal or inflation-adjusted terms, is part of an intentional downward trend in Vermont's borrowing, and an increasing effort to pay cash for capital projects, consistent with national trends. As the following chart illustrates, Vermont's debt authorizations have consistently dropped over the last decade (the decline is even steeper in inflation-adjusted terms).

## General Obligation Debt Authorizations



This office continues to take a prudent approach to debt and endeavors to reduce the routine use of debt for capital projects, while acknowledging that there are some challenges the state faces that can reasonably be addressed by careful borrowing.

### Cash Management

The Treasurer's Office Operations Division currently manages – on average – about \$1.8 billion in short-term cash holdings for the state, with substantial inflows and outflows amounting to over \$9 billion each year. Our short-term cash management policy focuses first and foremost on liquidity and safety of state funds. Our deposits are all fully insured or 100% collateralized.

By negotiating extremely favorable interest rates on its cash deposits, very nearly equal to the benchmark federal funds rate, the Division continues to leverage these historically high cash balances to provide substantial additional revenue to the State. Approximately \$83 million in interest income in FY25 resulted from a historic combination of high cash balances and roughly 3.75% interest on many deposits. The current fiscal year will likely see somewhat lower levels of interest income as the Federal Reserve lowers the interest rate and the cash balances are reduced through additional spending. My office remains in close contact with the State's economists, the Joint Fiscal Office, and the Department of Finance and Management, to ensure that relevant forecasters and actors are fully informed and can make prudent decisions relating to interest.

## Fund Management

### *Trust Investment Account*

My office's Operations Division administers the Trust Investment Account, pursuant to statutory authority. The TIA includes restricted funds with non-expendable principal balances and other long-term funds, as distinct from the state's short-term cash holdings. The FY25 TIA balance consists primarily of the Higher Education Endowment Trust Fund (\$39,176,048, or roughly 65%), various ANR trust funds (\$18,580,466, or roughly 31%), and miscellaneous smaller funds. The TIA asset allocation targets a 50-50 equity-bond split, reflecting a desire to seek some returns while ensuring capital preservation to a high degree. In FY25, the TIA investment return was 11.4% net of fees.

A report on the Higher Education Endowment Trust Fund is [here](#).

### *State PACE Reserve Funds*

24 V.S.A. § 3270 specifies that the State Treasurer shall administer the State PACE Reserve Fund. The purpose of the fund is to reduce, for certain Property-Assessed Clean Energy districts, the risk faced by an investor making an agreement with a Vermont municipality to finance such a district. During fiscal year 2025 the fund earned \$1033 in interest. There were no claims submitted and, therefore, no expenditures from the fund during fiscal year 2025. The fund balance as of June 30, 2025, was \$61,840.

### *Additional Managed Funds*

In addition to the funds discussed above, my office manages the [State Energy Revolving Fund](#), the [Municipal Equipment & Vehicle Loan Fund](#), and the [Emergency Personnel Survivor's Benefit Fund](#). The latter fund has seen increased utilization in recent years, and capitalization may need to be assessed should the trend continue. Our office is happy to provide further information on any of these funds at any time.

## Vermont State Retirement Systems

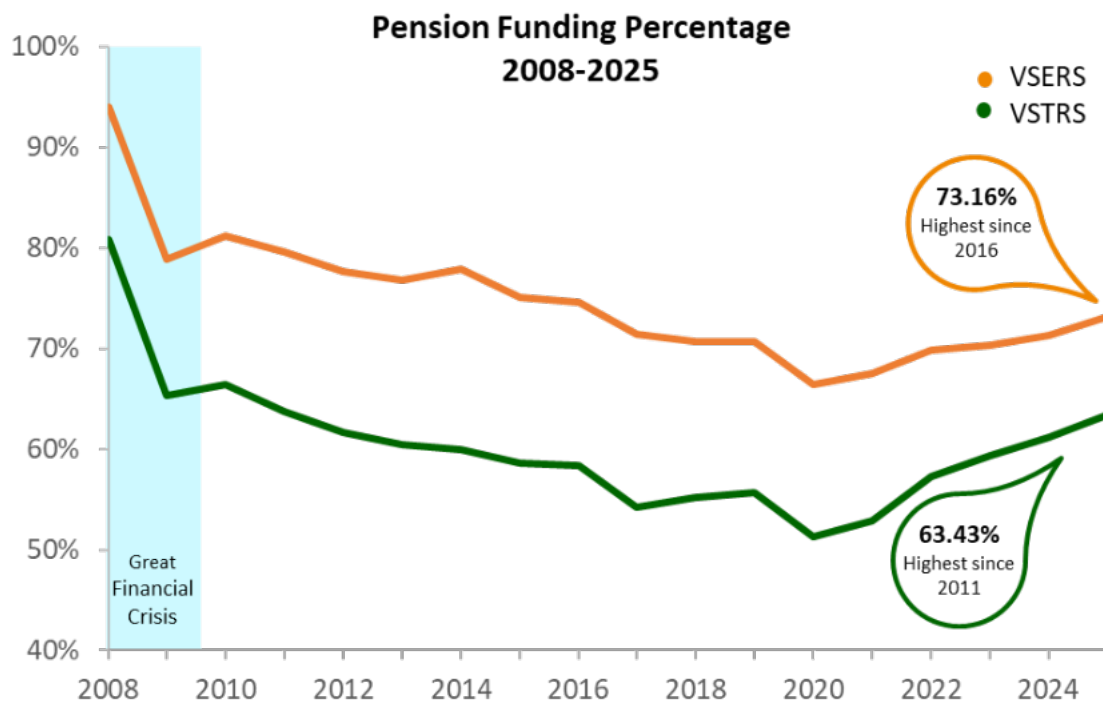
### **Systems Overview**

The Treasurer's Office administers Vermont's three largest public retirement systems: for State employees, teachers, and municipal employees. The Retirement Division serves over 50,000 active members and retirees with a staff of only 18 – among the leanest staffing levels nationwide according to the National Association of State Retirement Administrators.

Healthy public pension systems are a win-win economic solution for our public sector workforce, our towns and schools, and the State. For workers, they provide a reliable monthly pension payment and lasting financial security. For public employers, pensions are a valuable recruitment and retention tool that is funded in part by taxpayers, but also to a significant extent through employee contributions and earnings on investments. And more

broadly, these systems serve as an economic engine in towns and villages throughout the State. According to a recent study by the National Institute on Retirement Security, for every \$1.00 of taxpayer funds put into the retirement systems, \$4.48 in total activity results in the State. [NIRS, Pensionomics 2025: Vermont.](#)

As many Vermonters know, our pension systems have faced their share of challenges. Significant losses during the Great Financial Crisis of 2008-2009 and years of underfunding put stress on the systems. However, reforms made over the past two decades have put the Systems on a solid and sustainable path to full funding.



As this graph illustrates, after reaching a low point in 2020, the State and Teachers systems have been steadily strengthening, largely due to Act 114 – the landmark pension reform bill passed in 2022 that is projected to save taxpayers approximately \$5.8 billion over the next two decades, provided the State continues to exercise consistent funding discipline.

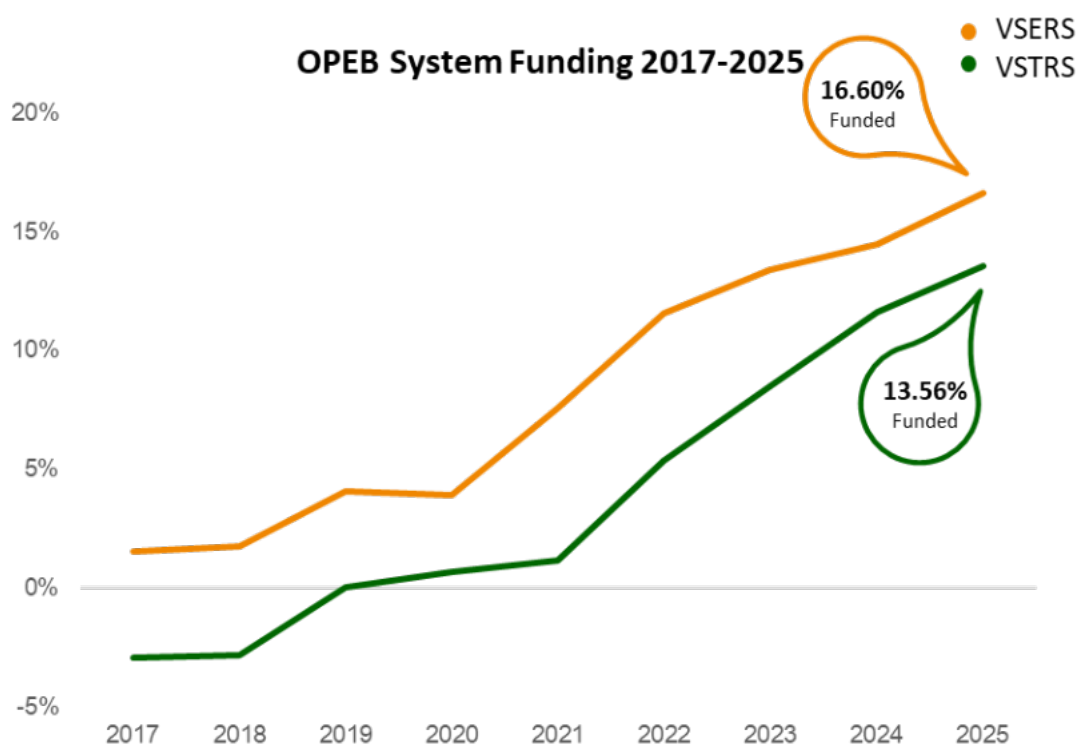
This year, the State system is 73.2% funded – its highest funding level since 2016. The Teachers system is 63.4% funded – its highest level since 2011. And due to recent contribution increases put in place for the Municipal System, that system saw its first funding increase in a number of years, ending the year at 74.3% funded.

Additionally, due to strong investment returns during the past few years, the three systems are collectively carrying more than \$165 million of deferred investment gains that will be recognized in future years. The three systems also remain cashflow positive net of investment returns, indicating that each plan's incoming funds exceed the amount being paid

out in benefits to retirees and that they are each on track to be fully funded (100% funding ratio) by 2038.

### Other Post-employment Benefits

In addition to the Pension Funds, we also have recently begun prefunding retiree non-pension benefits, also known as Other Post-employment Benefits (“OPEB”), of which retiree healthcare is the largest component. Funding ratios for the State and Teachers OPEB plans have steadily increased in recent years. In FY25, the funding percentage of State OPEB plan increased by more than 2%, reaching 16.6%, while Teachers OPEB plan increased by almost 2%, to 13.6%. Both the State and Teachers OPEB plans are on track to be fully funded by 2048.



### FY2025 Fund Performance

In FY25, The Vermont Pension Investment Committee (VPIC), the entity responsible for managing pension investments, again achieved strong investment returns from the pension funds. The funds earned returns over 10% for the second year in a row, resulting in gains of over \$600 million. The OPEB funds, managed by the Treasurer directly, produced gains over 11.8%, totaling \$36.3 million. It bears emphasizing that every dollar in investment returns is a dollar that does not need to come from Vermont taxpayers. We and VPIC strive every day to provide strong returns within a prudent level of risk. VPIC’s separate report is available [here](#).

In November 2025, Director Duggan provided a presentation with more detail on these developments to the Joint Public Pension Oversight Committee (JPPOC). Those presentation

materials are [linked here](#) and the video of our presentation is available [here](#). We are always happy to present to legislative committees and others about pension-related matters.

In sum, our public pension systems have a strong foundation, a sound plan for the future, and dedicated trustees keeping watch over the systems and committed to their success.

### **Actuarially Determined Employer Contributions**

But this is no time for a victory lap; it is critical that we maintain our funding discipline in the years ahead to capitalize on the investments we have made over the last 17 years. I look forward to working with all of you and our fellow Vermonters to keep our pensions strong and to support our public servants' dignified retirements.

The single most important way the Legislature, Administration, and Treasurer's Office can ensure the systems' health is to make – without fail, and in full – the actuarially determined employer contribution (“ADEC”) and “Plus” payments to both the VSTRS and VSERS systems each year. These payments, in addition to being the way we keep our promise to Vermonters, are a vital component of the state's ongoing fiscal health, as evaluated by the rating agencies.

By making these payments for the past 17 years, we have “bent the curve” and are moving in the right direction. While I am the first to acknowledge that achieving full funding will continue to require sizable payments, I also want to note that when adjusted for inflation or expressed as a percentage of payroll, ADECs have moderated and will likely continue to do so. As evidence of this moderation, the FY27 State ADEC is up 2.63% from the current year. The FY27 Teachers ADEC is up 3.58%. Collectively, these increases roughly match the rate of inflation.

Moreover, there will be another inflection point in the ADECs in the coming decade, when VSERS and VSTRS reach 90% funded. At that time – projected to be 2033 and 2035, respectively – the “Plus” payments created in Act 114 will end, removing a \$30 million annual pressure on the General Fund.

### **Planning for the Future**

As we look forward to the upcoming year, we plan to build on this work and take a deep dive into our pension funding policy to ensure that our framework for funding these systems is in the best interest of members and taxpayers. The Retirement Boards began this work with comprehensive risk assessments performed this year, and we will be working with the Legislature to continue this important conversation in the new year.

In addition to our work to ensure that our retirement plans are fully funded, we continue to make strides to better serve our members. Our staffing efforts – and the legislature's support enabling them – continue to allow us to improve our response times to member inquiries. And we have again redoubled our efforts to meet our members where they are by providing more educational seminars for members, both online and in person throughout Vermont.

This year, we relaunched our twice-a-year [Retiring Times](#) newsletters. We also created our first-ever [Plan Benefits Guide](#) for the Teachers system. This plain language guide is intended to help better inform members about their retirement system. And we are working on rolling out additional guides for the State and Municipal systems.

In addition to this member facing work, our Office continues to make strides on the less visible but no less critical work of ensuring that we are operating in a prudent and secure manner. We have successfully moved our pension administration system from an on-premises server that had reached its end of life into a secure cloud-based environment. We have initiated cyber-security and IT risk assessments to better understand vulnerabilities and opportunities.

For our Supplemental Retirement Plans – like our State and Municipal Defined Contribution Plans and our Deferred Compensation Plans – we have retained an investment fiduciary, which has already paid dividends. With the consultant’s assistance, we have been able to reduce investment fees for members in certain funds by moving to lower fee share classes. Perhaps even more important, with the consultant’s advice and support, the Boards have all adopted Investment Policy Statements and Watchlist Policies for the respective plans.

### **Transition to HealthSpring**

Perhaps none of our work over this year has been as critical and as impactful as the change in health insurance providers we successfully navigated in the second half of this past year.

In July, our incumbent provider informed us that it would increase rates by 50%, notwithstanding a 10% cap we had negotiated into our contract. While this news was devastating, our team wasted no time in conducting a streamlined bid process to determine whether there were viable alternatives.

Fortunately, we were able to identify HealthSpring as a strong alternative provider that would only require a 16% increase – still a large increase, but a far cry from 50%. Throughout the fall and early winter, our team has worked tirelessly to ensure that this transition – something that we know causes stress and anxiety for our valued members – goes smoothly.

The result of this work will not only maintain the existing benefit levels for our members, but it has also allowed to provide coverage through a firm that is rated higher by CMS than our prior provider, and it comes with robust rate caps for future years. Members are projected to save millions in premiums, and the State is projected to save over \$20 million a year from this change.

I am grateful that we were able to find this alternative provider and achieve these savings for members. But it reinforces the critical need that we have as a State and a nation to get healthcare spending under control.

This has been a busy year for the retirement systems, and we have more work to do. In addition to our team, I would like to acknowledge the hard work and diligence exhibited by

our three retirement boards of trustees. Under the leadership of VSTRS Chair Jon Harris, VSERS Chair Eric Davis, and VMERS Chair Morgan Daybell, these boards provide critical oversight of the retirement systems, and they support all of the good work and positive funding metrics described above.

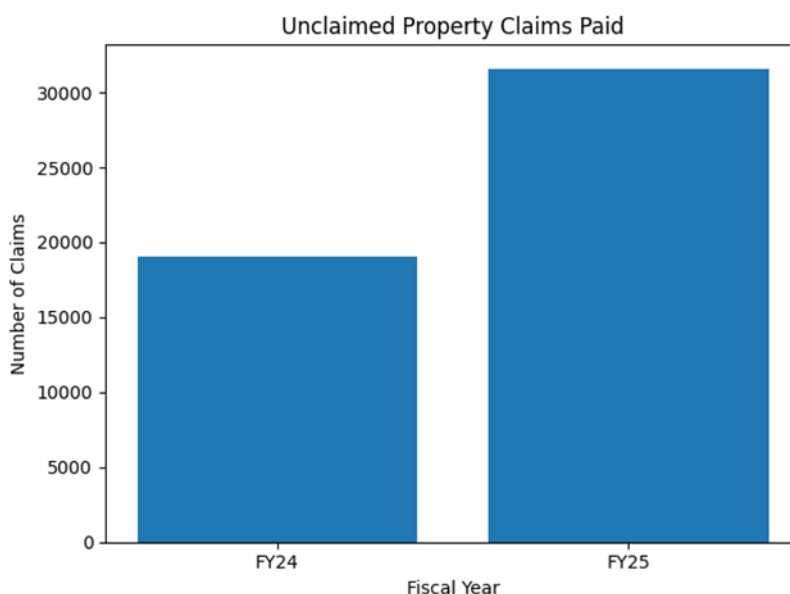
## Unclaimed Property

### Overview of Rapid Growth

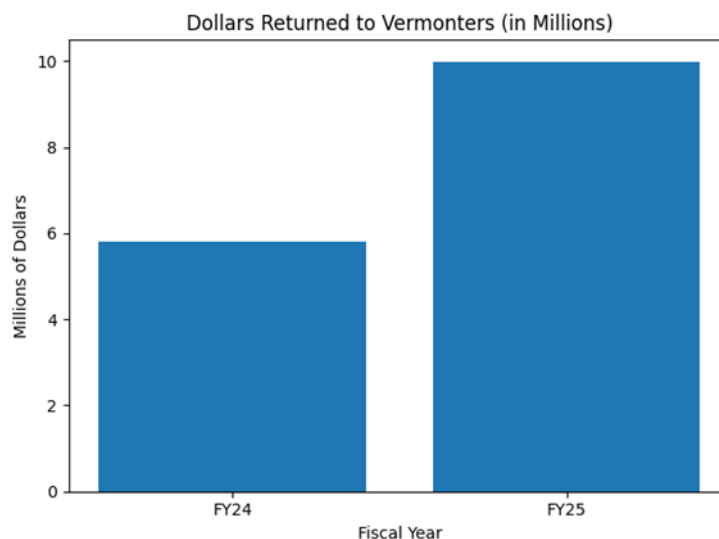
Comparing FY24 and FY25 illustrates just how rapidly Vermont’s Unclaimed Property Program has expanded. In FY24, the Division paid 19,010 claims and returned approximately \$5.8 million to Vermonters. One year later, in FY25, those results grew dramatically: we paid 31,593 claims and returned \$9.99 million. That is an increase of more than 65% in claims paid and nearly 75% in total dollars returned in just a single year. This growth is the direct result of improved outreach, stronger data-matching tools, and streamlined internal processes that make it easier and faster for Vermonters to receive funds that belong to them.

Building on this momentum, FY26 is already showing signs of continued strength. While intake of new property remains high — as it does nationwide — our capacity to identify owners and get money back into Vermonters’ hands is steadily improving. We expect FY26 to further demonstrate that these investments in modernization and partnerships produce durable, year-over-year results.

The first chart — Unclaimed Property Claims Paid — shows how dramatically activity increased between FY24 and FY25. In FY24, the Division paid 19,010 claims. By FY25, that number rose to 31,593, reflecting a substantial expansion in our ability to identify rightful owners and process payments efficiently. The visual makes the change unmistakable: the FY25 bar is significantly taller, underscoring both higher volume and stronger program reach.



The second chart — Dollars Returned to Vermonters — tells a similar story in terms of financial impact. In FY24, we returned approximately \$5.8 million to Vermonters. In FY25, that total climbed to nearly \$9.99 million. The gap between the two bars illustrates how increases in claims processed translated directly into more money being placed back into the hands of Vermont residents and businesses.



Taken together, these charts demonstrate not just growth, but sustained improvement in performance. They show that modernization efforts, better outreach, and improved data matching have produced measurable results — more claims resolved, and more dollars returned — while positioning the program for continued success as we move through FY26.

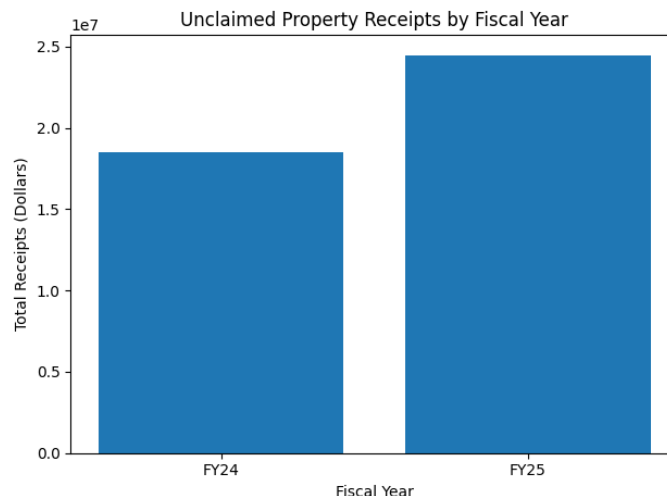
### **Holder Reporting and Growth in Incoming Property**

A major driver of the Program’s activity is the continued increase in reporting by “holders” — banks, insurance companies, utilities, corporations, financial institutions, and others who are required by law to turn over dormant accounts and unclaimed funds to the State. Vermont law requires these entities to review their records, identify property that has gone inactive for a designated period, notify the owner, and then report and remit any remaining unclaimed funds to the Treasurer’s Office.

In recent years, we have expanded our education and outreach to holders, strengthened compliance reviews, and clarified reporting expectations. As a result, more organizations are reporting — and they are reporting more accurately and more completely. This progress benefits Vermonters, because property that is reported to the State is preserved, safeguarded, and made searchable until it can be claimed.

The increase in holder reporting also explains why, as the charts show, our program often receives more property than it returns in any given year. While this may appear counter-intuitive, it reflects a healthy system: more property is coming under state protection, while at the same time we are paying a record number of claims and returning more money than ever

before. Our challenge — and our focus — is to keep improving both sides of that equation: strong holder compliance and faster reunification of property with its rightful owners.



This chart shows the total unclaimed property receipts reported to the State by holders. Receipts increased from about \$18.5 million in FY24 to \$24.5 million in FY25, reflecting stronger compliance and more complete reporting by banks, insurers, and other organizations.

Vermont's Unclaimed Property Program is experiencing sustained growth. Between FY24 and FY25, claims paid increased from 19,010 to 31,593, and dollars returned rose from \$5.8 million to \$9.99 million. At the same time, total receipts reported by holders grew from \$18.5 million to \$24.5 million, reflecting stronger compliance and more comprehensive reporting by financial institutions and other businesses. These results are a direct reflection of the outstanding effort and service of our Unclaimed Property staff, who work every day to safeguard funds and reunite Vermonters with money that rightfully belongs to them. Together, these trends show a program that is both protecting more property and returning more funds than ever, positioning us well as we move further into FY26.