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Date: September 11, 2023
To: Teacher's Retirement Payroll Officers
From: Kitty Bolduc (kitty.bolduc@vermont.gov)
Re: Fall 2023 Newsletter

The quarter (FY24, Quarter 1) runs from July 1, 2023, through September 31, 2023. Please remember to only use the July, August, and September payment coupons for this quarter. The web reporting site will open on September 11, 2023. The quarter must be in balance (both the report & money) by October 15, 2023.

If for some reason you do not have coupons, please mail the payment direct to VSTRS, 109 State St., Montpelier, VT, 05609.

Below are some important dates and reminders for Fiscal Year 2024.

QUARTERLY REPORT DUE DATES FOR FY24

- Q1. October 15th for the calendar quarter of July 1 to September 30
- Q2. January 15th for the calendar quarter of October 1 to December 31
- Q3. April 15th for the calendar quarter of January 1 to March 31
- Q4. July 15th for the calendar quarter of April 1 to June 30

MEMBER DIRECT

Member Direct is a way for members to access their retirement information. Please encourage your employees to log on to retire.vermont.gov to enroll. If a member is having trouble creating an account please have them contact our office for assistance at 1-800-642-3191.

FY2024 RETIRED TEACHERS' EARNABLE COMPENSATION CAP

The dollar amount that retired teachers can earn in FY24 without freezing their pension is **\$41,200**. It is important that the member not go over the cap without freezing their pension or being approved as an interim educator pursuant to Act 173 of 2022.

FY24 CONTRIBUTION TIER RATES

Contribution rates for Group C members are increased in FY24, and they are based on the member's base salary as of 7/1/23. The rates for FY24 are as follows:

At or below \$40,000	6.10%
\$40,000.01 to \$50,000	6.15%
\$50,000.01 to \$60,000	6.25%
\$60,000.01 to \$70,000	6.35%
\$70,000.01 to \$80,000	6.50%
\$80,000.01 to \$90,000	6.75%
\$90,000.01 to \$100,000	7.00%
\$100,000.01 or more	7.25%

FY24 FULLTIME EQUIVALENCY (FTE) CHANGE RULE

An Act 173 Implementation Factsheet for FY24 is appended to this Newsletter.

For FY24 and beyond, the General Assembly has established a new rule for when a member's fulltime equivalency (FTE) status changes in the middle of the school year. Under this new FTE Change Rule, the member's contribution rate will change when their FTE status changes plus/minus 20% and they have an increase or decrease in salary that places them in a new contribution tier. When this occurs, you will be required to complete an FTE Change Form (located on payroll officers home page and also on the next page of this newsletter).

Please keep in mind the following guidelines when implementing the FTE Change Rule:

1. Schools define a member's fulltime equivalency and when it changes.
2. Only one change per FY is allowed. If there is a subsequent change in a member's FTE status, there is no change to their contribution rate.
3. A change in FTE generally involves a teacher doing more or less of the same thing (i.e., going from 100% math teacher to 50% math teacher or vice versa). A change is not required for the following:
 - a. Leave of Absence,
 - b. Terminations and Departures
 - c. Deaths
 - d. Retirements, or
 - e. Any additional work that is either temporary in nature (i.e., for a time period other than the remainder of the year) or not part of the teachers core/primary job duties (i.e., stipends, coaching, clubs, assignments that do not span the full remainder of the year).
4. This Rule does NOT apply for teachers who work in multiple schools at the same time.

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FTE Change Form

Teacher Name _____ ID _____

Base Salary Rate Change FY _____

Starting Base Salary \$ _____ Starting FTE _____

Base Salary Changed To \$ _____ FTE Changed To _____

Reason For Change _____

Base Salary # 1

Base Salary \$ _____ Effective Date _____

Contribution Rate _____ %

Salary Earned \$ _____

Contribution Due \$ _____

Base Salary # 2

Base Salary \$ _____ Effective Date _____

Contribution Rate _____ %

Salary Earned \$ _____

Contribution Due \$ _____

Total Contributions Due For FY _____ \$ _____

Employer Signature _____ Date _____

Background:

[Act 173](#) allows a retired teacher to return to work full-time and continue to receive a retirement allowance while working. This fact sheet governs the Program in FY24 (July 1, 2023, to June 30, 2024). The State Treasurer will determine whether to extend the Program for one more year in June 2024.

This program is designed for a member who is expected to go over the annual earnings cap. (Information on the FY23 cap can be found [here](#).) Act 173 makes no change for retiree who returns to work and remains under the earnings cap.

Should a retiree return to work and earn more than the annual earnings cap, without having first been approved for participation in the Act 173 Program, their retirement allowance and health insurance would be subject to the normal stop and recoupment procedures.

Conditions for Act 173 Approval:

1. The School District must apply in the first quarter of the fiscal year, i.e., by September 30, 2023 (**New in FY24**).
2. The School District must certify that the district has exhausted all reasonable options to hire a qualified active educator prior to employing a retiree as an interim school educator.
3. The retiree must have been receiving a retirement benefit for 6 months or longer prior to resumption of service (no new retirees are eligible).
4. School District must pay the following non-refundable amounts:
 - a. FY24 New Teacher Assessment to VSTRS.
 - b. The projected employee contributions calculated by taking the employees contract salary times applicable contribution rate.
 - c. Any FY24 insurance subsidies already paid by VSTRS (**New in FY24**)

Process:

5. This program is initiated by the School District, not the member.
6. The School District will send a letter to VSTRS certifying that it would like to hire a VSTRS retiree pursuant to Act 173 and that it has exhausted all efforts to employ an active educator. The letter must include the educator's name and the contract salary.
7. VSTRS will review the letter and send confirmation that the member is eligible and the amount due prior to the member's employment.
8. The School District will send the funds to VSTRS and then may employ the retiree.

Impact on Retiree:

9. The retiree will not be allowed to continue the insurance offered through VSTRS.
 - a. Retiree will be allowed to COBRA through VSTRS or, if the School District allows, pick up the insurance offered through the School District
10. The Retiree does not pay contributions on the salary earned,
11. The Retiree does not earn service credit for the period in service under Act 173.