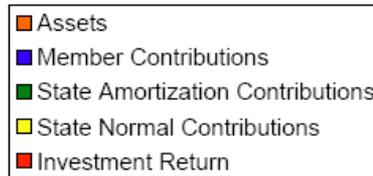
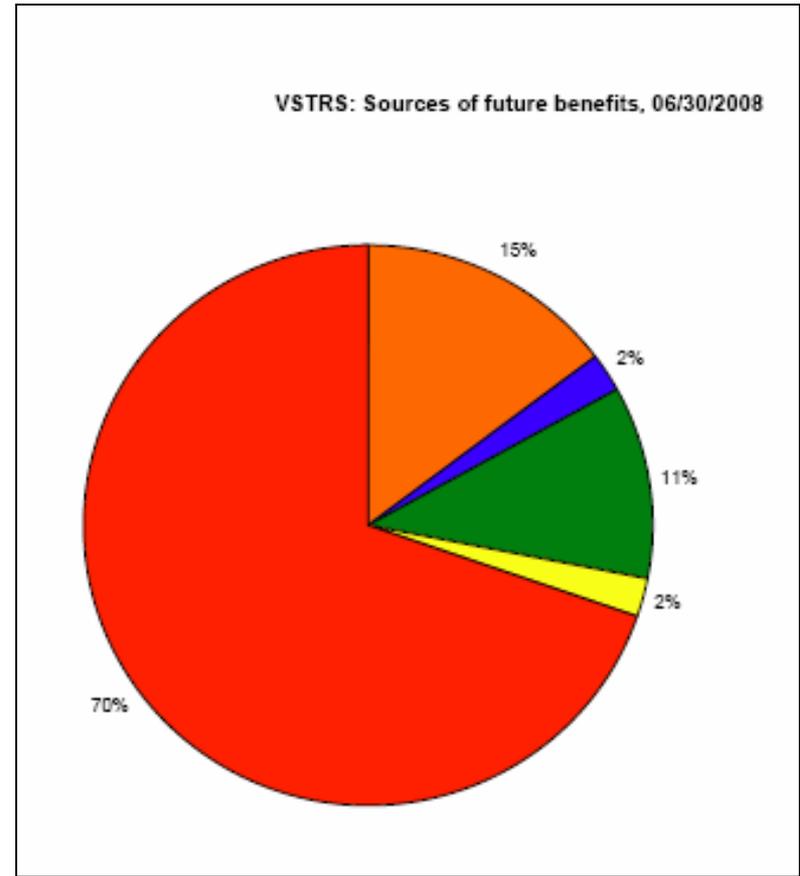
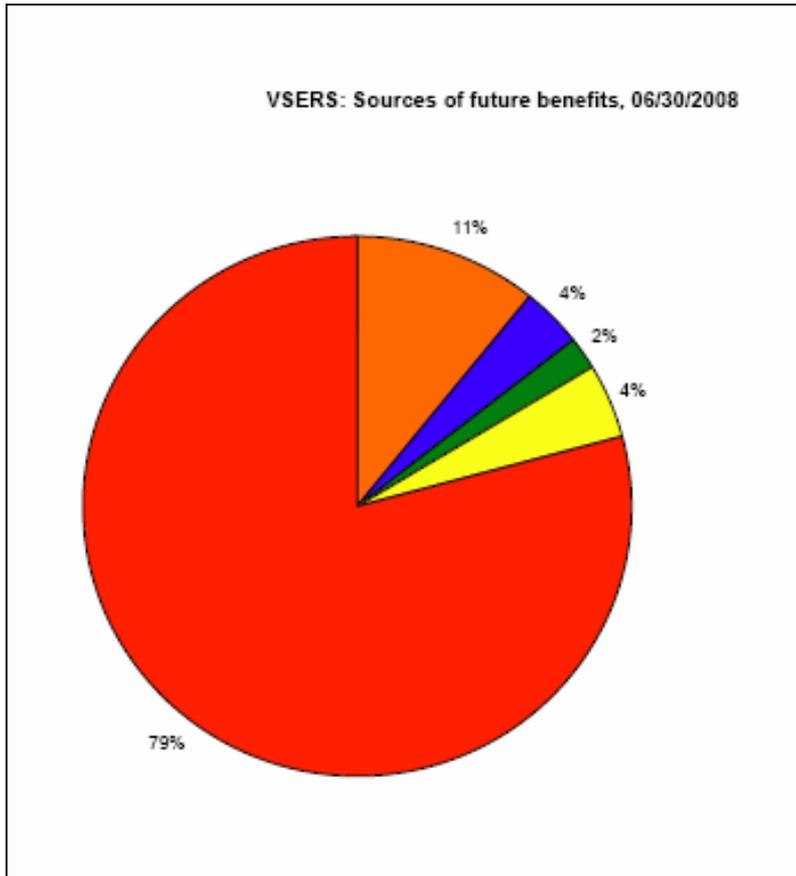


Allocation of Costs and Benefits Between Plans in the Vermont State Retirement System

July 30, 2009

Sources of Future Benefits



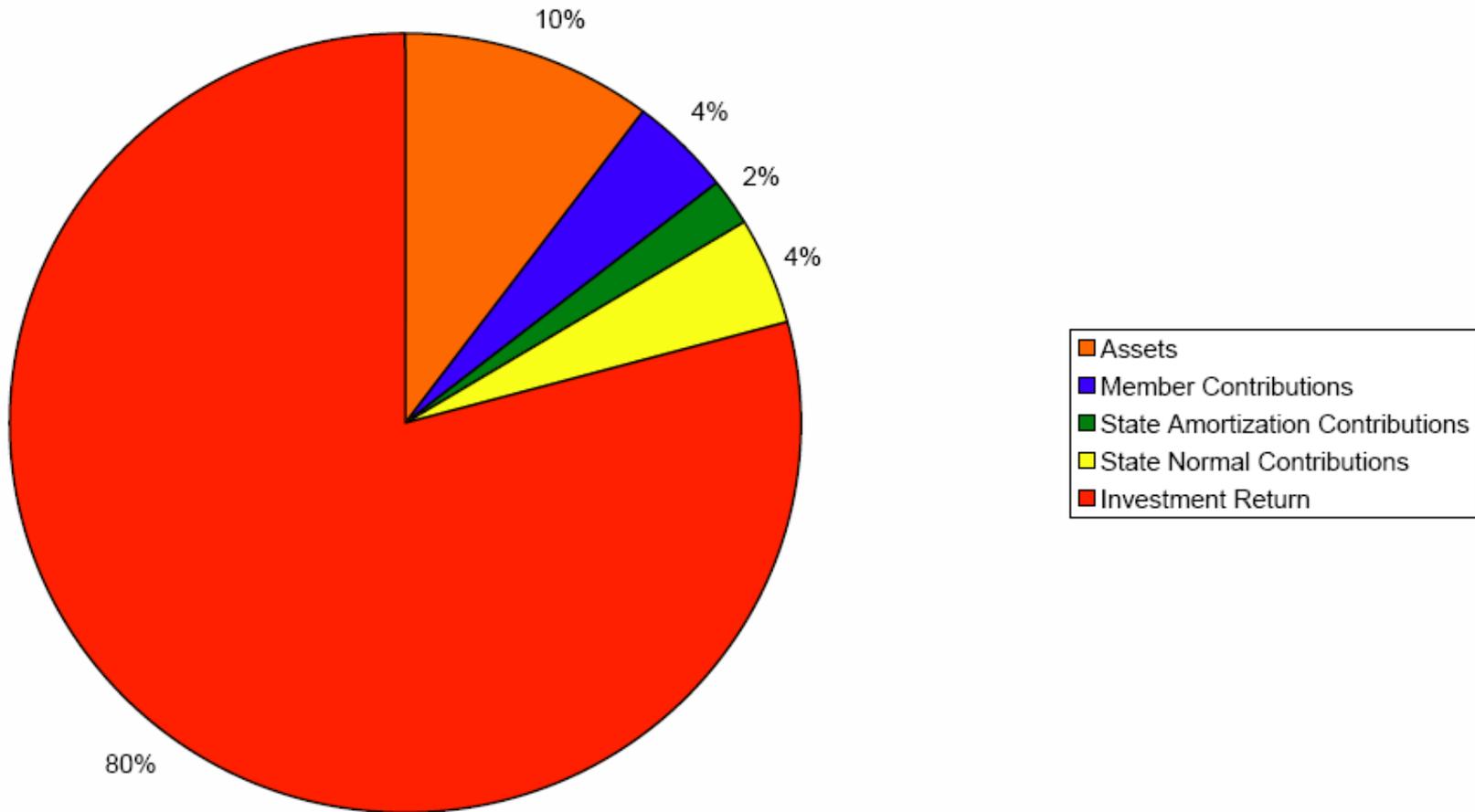
Note: Using the data, assumptions, and actuarial methods used in the 2008 valuations of the VSERS and VSTRS, the percentages of future benefits that are assumed to come from the sources indicated as of June 30, 2008.

Vermont State Retirement System (VSRS)

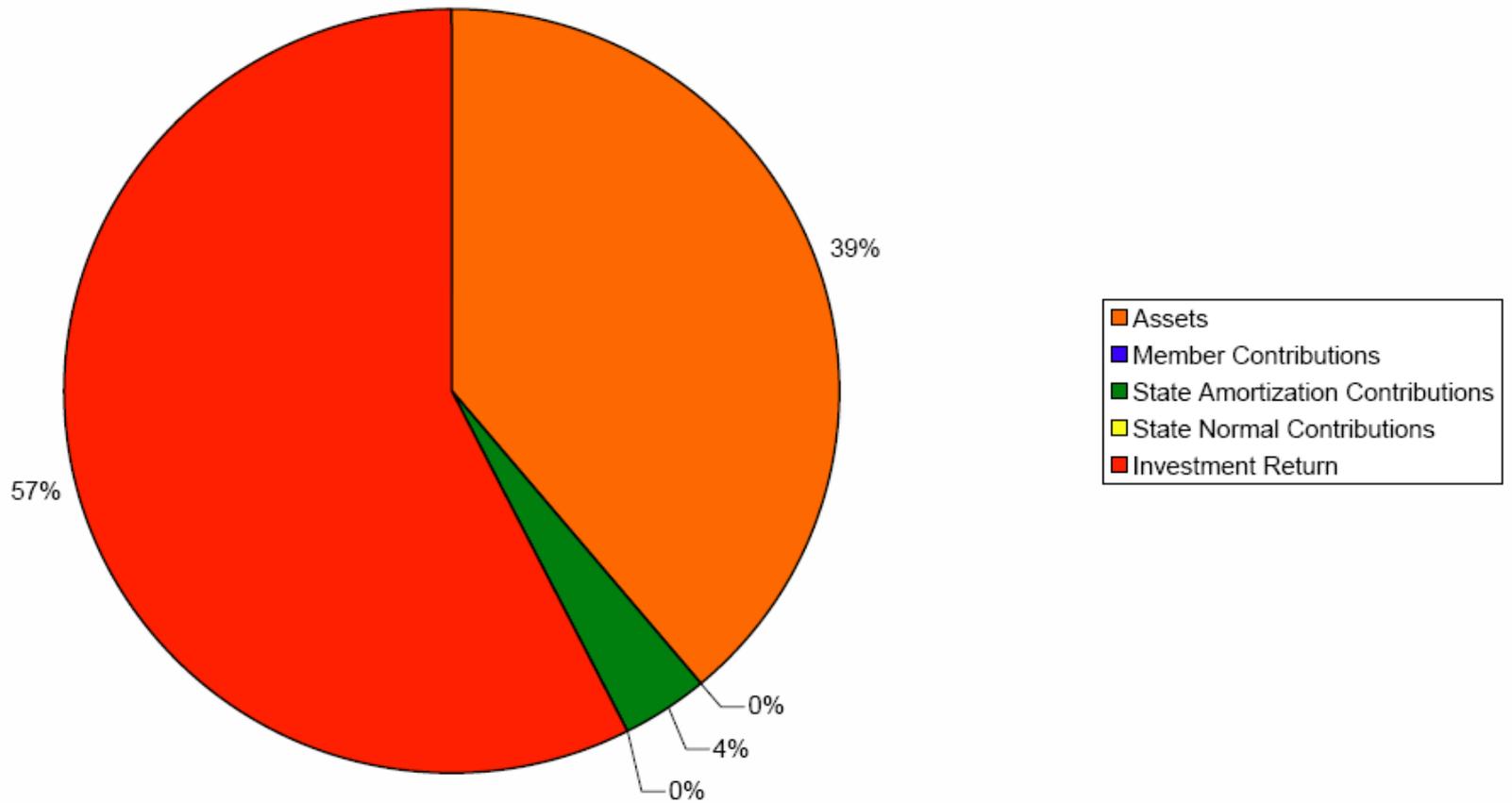
There are Four Defined Benefit Plans or Groups

- Group F for state employees
- Group D for judges
- Group C for state law enforcement officers
- Group A original retirement plan which some members elected to remain in, and predecessor to plan F

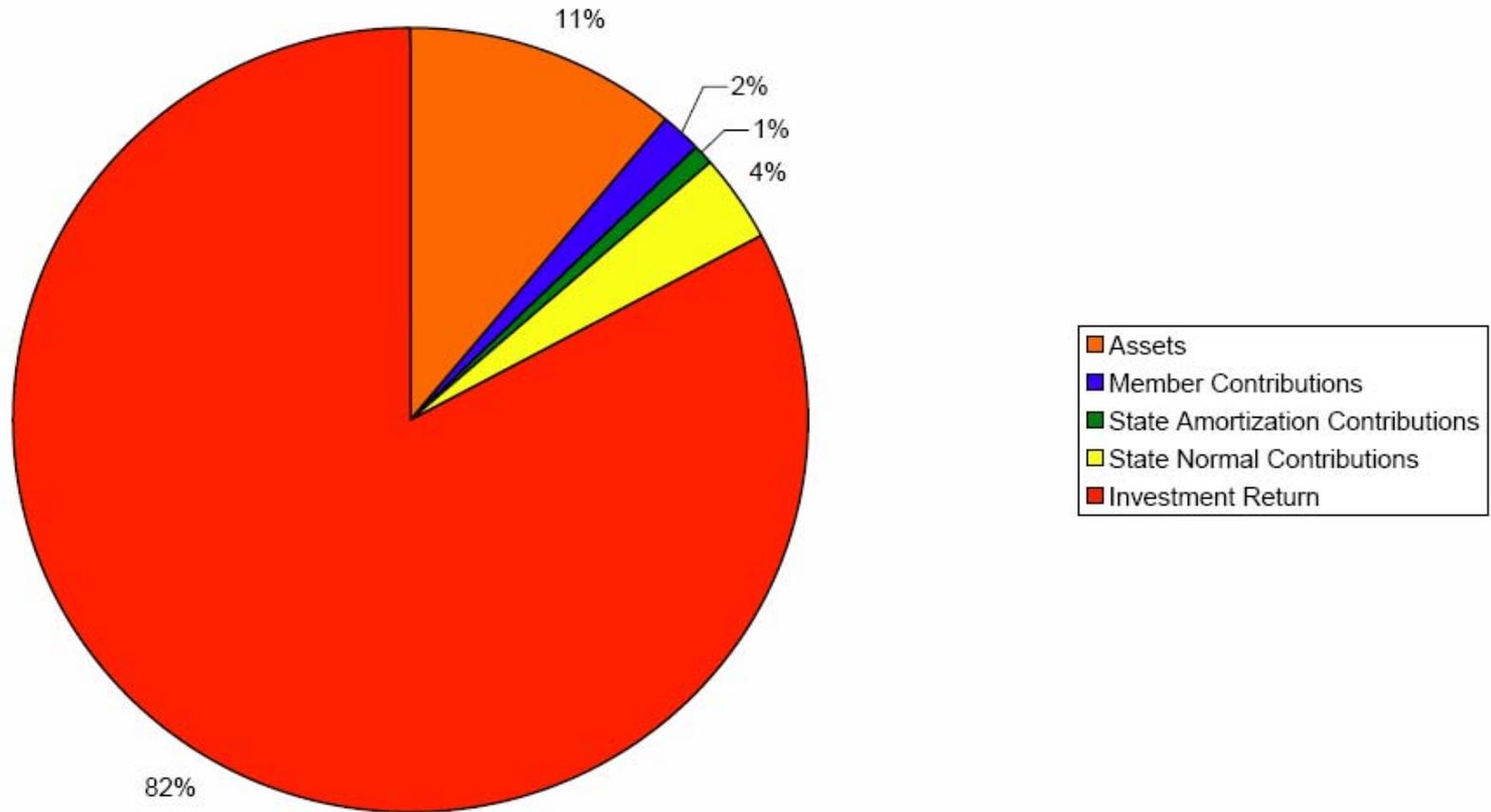
VSERS Group F: Sources of future benefits, 06/30/2008



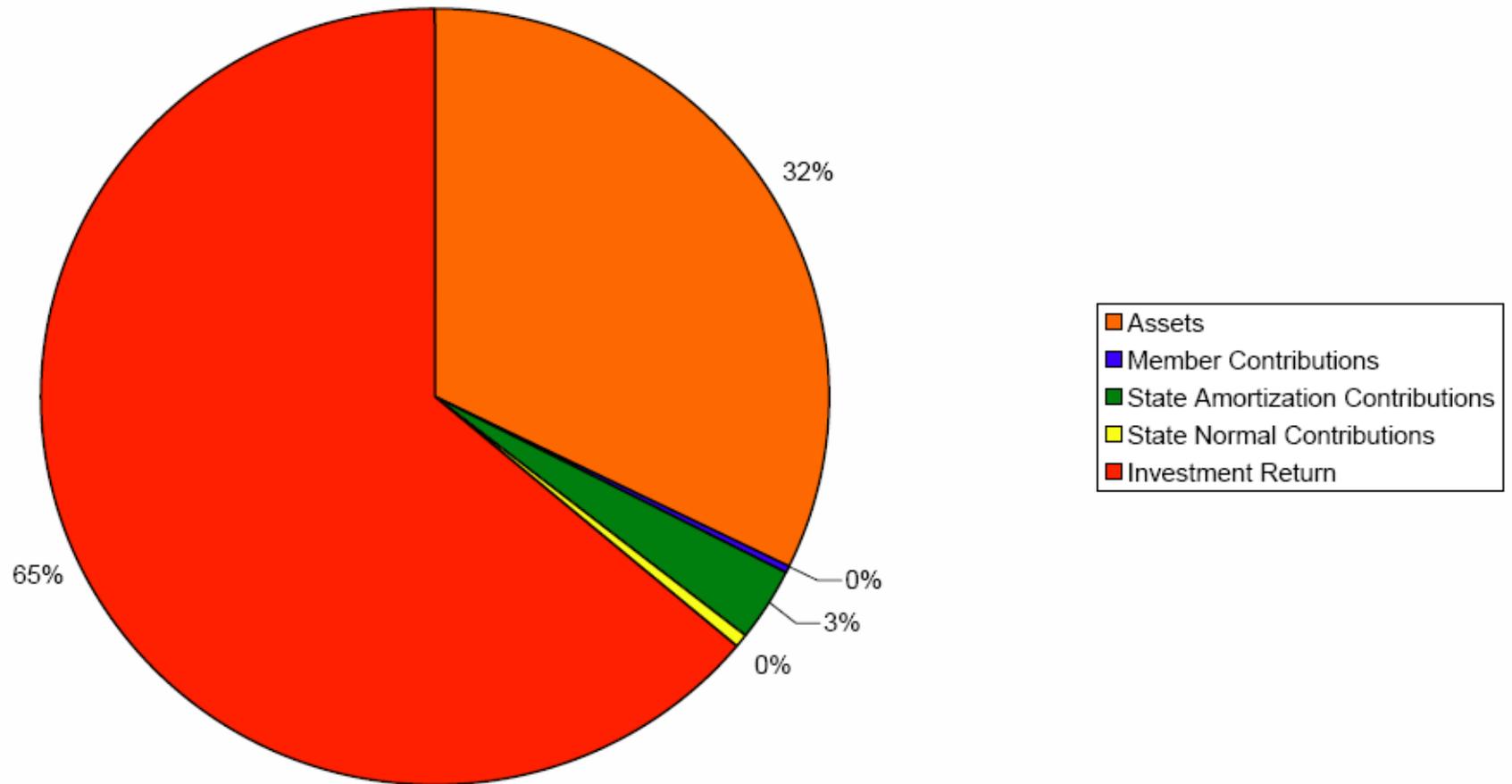
VSERS Group A: Sources of future benefits, 06/30/2008



VSERS Group C: Sources of future benefits, 06/30/2008



VSERS Group D: Sources of future benefits, 06/30/2008



Development of The Recommended Contribution For The VSERS on a Group-by-Group Basis

If the recommended state contribution for the VSERS were developed on a group-by group basis, reflecting the normal cost and accrued liability of each group and allocating assets as of June 30, 2008, in proportion to each group's accrued liability, the results would be the following:

	Group A	Group C	Group D	Group F	Total
FY 2010 NC	13,936	4,999,040	394,832	19,685,566	25,093,374
FY 2010 Amortization	379,426	1,788,868	373,808	4,378,418	6,920,520
Total FY 2010 Appropriation	393,362	6,787,908	768,640	24,063,984	32,013,894
Percent of payroll	27.62%	23.27%	13.76%	6.22%	7.57%
FY 2011 NC	14,563	5,223,997	412,599	20,571,417	26,222,576
FY 2011 Amor	398,397	1,878,311	392,498	4,597,340	7,266,546
Total FY 2011 Appropriation	412,960	7,102,308	805,097	25,168,757	33,489,122
Percent of payroll	27.75%	23.30%	13.79%	6.22%	7.57%

Normal Cost Percentages for New Entrants in VSERS

- The average age of the new entrants in Group C found in the 2008 valuation data was approximately 33. The percentage of pay that would have to be contributed each year by or on behalf of a 33-year-old new entrant to Group C to fully fund his or her benefit is approximately 31.4%.
- There were no new entrants in Group D in the 2008 valuation. However, the average age of the new entrants in Group D found in the 2005 valuation data was approximately 53. The percentage of pay that would have to be contributed each year by or on behalf of a 53-year-old new entrant to Group D to fully fund his or her benefit is approximately 38.5%.
- The average age of the new entrants in Group F found in the 2005 valuation data was approximately 37. The percentage of pay that would have to be contributed each year by or on behalf of a 37-year-old new entrant to Group F to fully fund his or her benefit is approximately 10.6%.

Note Average ages of new entrants in Groups C and D may vary considerably from year to year. If policy decisions are to be based on such averages, it may be advisable to compute the average age of new entrants over a multi-year period

What contribution percentages would have to be if there were no cross-group subsidization in the VSERS

- With charges for amortization of the unfunded liability developed by allocating assets in proportion to the accrued liability for each group, total contributions needed as a percentage of pay were as follows:
 - Group A: 28.26%
 - Group C: 30.15%
 - Group D: 15.64%
 - Group F: 11.23%
- The overall contribution of the state to the VSERS in FY 2010 is to be 7.57% of payroll. If each group were allocated a state contribution of 7.57% of payroll, the resulting employee contributions rates would have to be:
 - Group A: 20.69%
 - Group C: 22.58%
 - Group D: 8.07%
 - Group F: 3.66%