



STATE OF VERMONT
OFFICE OF THE STATE TREASURER

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**State and Union Partner to Reform Disability Pension Process
Provides for Income Verification and Outside Earnings Limitation**

MONTPELIER, Vt.—Changes to disability provisions administered within the Vermont State Employees' Retirement System will ensure continuing eligibility for retirees on disability, while including a verification process of outside employment to make adjustments to retirement benefits when warranted.

"This update to the disability provisions within the VSERS retirement laws will enable us to ensure someone is not receiving disability payments while gainfully employed elsewhere," said State Treasurer Beth Pearce. "At the same time, we are providing re-employment opportunities for retirees that are no longer disabled."

The following changes were made as part of the miscellaneous retirement bill, Act 18, signed into law by the Governor on May 7.

- System members receiving a disability payment must annually file a statement with the State Treasurer certifying the full amount of income earned during the preceding calendar year.
- Disability retirement is subject to earnings limitations. If a member earns income that exceeds the difference between the individual's disability payment and his or her average final compensation at retirement, the person will refund the difference.
- If the retirement board concludes that the member on disability is engaged in, or is able to engage in gainful employment and declines to do so, the board may modify the disability retirement payment.
- Employees who are no longer disabled will have re-employment rights consistent with other State employees.

"Public retirement systems are increasing their efforts to monitor disability retirees' income and to otherwise increase accountability. This law institutes a specific process of checks and balances to ensure that those Vermonters qualified for disability retirement payments receive them, but safeguards the system from those who would seek to receive benefits they are not entitled to," said Senate President Pro Tem John Campbell.

Pearce stated that disability retirement is a form of pension given to members who are permanently or temporarily unable to work due to illness or injury and provides needed retirement security to members. Within the past twelve months, the medical review board for VSERS reviewed 49 requests for disability, of which 23 were approved. As of June 30, 2014 there were 388 individuals receiving disability pensions through VSERS. Disability requests will continue to be reviewed by the Medical Review Board and the VSERS Board of Trustees.

"VSEA applauds the Treasurer's office for being proactive by setting up a system to help prevent much-needed State retirement funds from being spent where they shouldn't be, especially now, when Vermont needs every dollar it can find," said VSEA Executive Director Steve Howard. "VSEA members were pleased to work with the Treasurer's office to help make this change possible."

"The Vermont Troopers Association worked cooperatively with Treasurer Pearce to ensure a fair and reasonable disability retirement process for those troopers who, through a serious injury, were forced to end their law enforcement careers early. We appreciate the need to balance due diligence for the State with due process for individuals who have been impacted by serious injuries," said Vermont Troopers Association President Mike O'Neil.

"I am pleased to support the Treasurer's initiative to strengthen government accountability. By reforming our income verification and oversight processes, we ensure tax payer dollars and employee pensions are protected from misuse," said House Speaker Shap Smith.

The Treasurer's office worked with the VSERS Board of Trustees, the General Assembly, VSEA, the Administration, Vermont Department of Human Resources and Mark DiStefano of the Vermont Attorney General's Office to draft the measure.

"This is a great example of collaboration and partnership that provides dignity to the retiree while maintaining our fiduciary responsibility to members and taxpayers. I thank our partners for their help in moving this to completion," said Pearce.