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Teacher retirement deal would save \$15M a year **Educators would work longer but receive broader benefits**

By Terri Hallenbeck, Free Press Staff Writer

MONTPELIER — Teachers would pay more toward their pensions and have to work longer before retiring but would receive increased benefits under a plan legislative leaders unveiled Friday, saying it will save the state \$15 million a year.

The state's largest teachers union and state Treasurer Jeb Spaulding worked together to forge the compromise that lawmakers said will help solve a shortfall in the pension fund.

"We believe this satisfies the taxpayers' interests and our members' interests," said Joel Cook, executive director of the Vermont NEA teachers union.

A panel headed by Spaulding had earlier this year recommended \$29 million in savings, but the union threatened a court challenge on benefit changes that would affect teachers already vested in the plan. Cook said his organization would not challenge this new compromise announced Friday.

The plan would raise teachers' retirement age from 62 to 65 or a combination of age and years of work that add up to 90. Teachers would pay about 1 percent more, or about \$550 a year for the average teacher, into their pension. When they retire, there would be a tiered system for health insurance coverage depending on years worked that would offer coverage to spouses of longtime teachers that has not previously been available.

The changes would not affect the 5,500 or so already-retired Vermont teachers. The state has about 10,700 active teachers, Cook said, with about 1,800 having more than 25 years of experience and 5,000 with less than 10 years' experience.

Administration Secretary Neale Lunderville called the plan "meaningful progress" toward filling a \$20 million hole in the pension fund. "It still leaves a gap," he said.

The plan does not address whether to transfer the retirement fund from the state's General Fund to the Education Fund, which Gov. Jim Douglas this month proposed doing over the next four years. Legislative leaders said they do not support that move, as it would shift the expense to the property tax from a broader range of taxes. Spaulding said he would not advocate for that change.