

H.403

AN ACT RELATING TO POSTRETIREMENT COST OF LIVING
ADJUSTMENTS FOR STATE EMPLOYEES

The Senate proposes to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

Sec. 1. 3 V.S.A. § 455(a)(13) is amended to read:

(13) "Normal retirement date" shall mean:

* * *

(D) with respect to a group F member, the first day of the calendar month next following attainment of age 62, and following completion of five years of creditable service for those members hired on or after July 1, 2004, or completion of 30 years of creditable service, whichever is earlier; and with respect to a group F member first included in the membership of the system on or after July 1, 2008, the first day of the calendar month next following attainment of age 65 and following completion of five years of creditable service, or attainment of 87 points reflecting a combination of the age of the member and number of years of service, whichever is earlier.

Sec. 2. 3 V.S.A. § 459(b)(5) is amended to read:

§ 459. NORMAL AND EARLY RETIREMENT

* * *

(b) Normal retirement allowance.

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(5)(A) Until January 1, 1995, upon normal retirement, a group F member shall receive a normal retirement allowance which shall be equal to 1-1/4 percent of his average final compensation times years of creditable service. On and after January 1, 1995, upon normal retirement, a group F member shall receive a normal retirement allowance equal to 1-1/4 percent of the member's average final compensation times years of membership service prior to January 1, 1991 plus a pension which when added to an annuity shall be equal to 1-2/3 percent of the member's average final compensation times years of membership service on and after January 1, 1991. The maximum retirement allowance shall be 50 percent of average final compensation.

(B) A group F member first included in the membership of the system on or after July 1, 2008, upon normal retirement, shall receive a normal retirement allowance equal to 1-2/3 percent of the member's average final compensation times years of membership service. The maximum retirement allowance shall be 60 percent of average final compensation.

* * *

(d) Early retirement allowance.

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(2)(A) Upon early retirement, a group F member, except facility employees of the department of corrections, and department of corrections

employees who provide direct security and treatment services to offenders under supervision in the community and Woodside facility employees, shall receive an early retirement allowance which shall be equal to the normal retirement allowance reduced by one-half of one percent for each month the member is under age 62 at the time of early retirement. Group F members who have 20 years of service as facility employees of the department of corrections, as department of corrections employees who provide direct security and treatment services to offenders under supervision in the community or as Woodside facility employees or as Vermont state hospital employees who provide direct patient care shall receive an early retirement allowance which shall be equal to the normal retirement allowance at age 55 without reduction; provided the 20 years of service occurred in one or more of the following capacities as an employee of the department of corrections, Woodside facility [or Vermont state hospital]: facility employee, community service center employee or court and reparative service unit employee.

(B) Upon early retirement, a group F member first included in the membership of the system on or after July 1, 2008, except facility employees of the department of corrections and department of corrections employees who provide direct security and treatment services to offenders under supervision in the community and Woodside facility employees, shall receive an early

retirement allowance which shall be equal to the normal retirement allowance reduced by:

(i) one-eighth of one percent for each month the member is under age 65, provided the member has accrued 35 years of service at the time of early retirement;

(ii) one-quarter of one percent for each month the member is under age 65, provided the member has accrued 30 years of service but less than 35 years of service at the time of early retirement;

(iii) one-third of one percent for each month the member is under age 65, provided the member has accrued 25 years of service but less than 30 years of service at the time of early retirement;

(iv) five-twelfths of one percent for each month the member is under age 65, provided the member has accrued 20 years of service but less than 25 years of service at the time of early retirement;

(v) five-ninths of one percent for each month the member is under age 65, provided the member has accrued less than 20 years of service at the time of early retirement.

* * *

Sec. 3. 3 V.S.A. § 470(b) is amended to read:

(b) For group F members, as of June 30 in each year, commencing January 1, 1991, a determination shall be made of the increase or decrease, to

the nearest one-tenth of a percent of the Consumer Price Index for the preceding fiscal year. The retirement allowance of each beneficiary in receipt of an allowance for at least one year on the next following December 31st shall be increased or decreased, as the case may be, by an amount equal to one-half of the percentage increase or decrease. Commencing January 1, 2014, the retirement allowance of each beneficiary who was an active contributing member of the group F plan as of June 30, 2008 and who retires on or after July 1, 2008 shall be increased or decreased, as the case may be, by an equal percentage of the Consumer Price Index for the preceding year. The increase or decrease shall commence on the January 1st immediately following such December 31st. The adjustment shall apply to group F members receiving an early retirement allowance only in the year following attainment of age 62, provided the member has received benefits for at least 12 months as of December 31 of the year preceding any January adjustment. The maximum adjustment of any retirement allowance resulting from any such determination shall be five percent and the minimum shall be one percent, and no retirement allowance shall be reduced below the amount payable to the beneficiary without regard to the provisions of this section.

Sec. 4. 3 V.S.A. § 473(b)(2) is amended to read:

(2) Contributions shall be made on and after the date of establishment at the rate of five percent of compensation except at a rate of 6.18 percent of

compensation for each group C member unless ~~such~~ the member was a group C member on June 30, 1998 in which case contributions shall be at the rate of six percent of compensation for each ~~such~~ group C member who has elected not to have his or her compensation from the state be subject to Social Security withholding or at the rate of five percent of compensation if ~~such~~ the member elected to have compensation from the state subject to Social Security withholding and at the rate of ~~3.25~~ five percent of compensation for each group F member and, commencing July 1, 2019, at the rate of 4.75 percent of compensation for each group F member. In determining the amount earnable by a member in a payroll period, the retirement board may consider the annual or other periodic rate of earnable compensation payable to such member on the first day of the payroll period as continuing throughout such payroll period, and it may omit deduction from compensation for any period less than a full payroll period if an employee was not a member on the first day of the payroll period, and to facilitate the making of deductions it may modify the deduction required of any member by such an amount as, on an annual basis, shall not exceed one-tenth of one percent of the annual earnable compensation upon the basis of which such deduction is to be made. Each of the amounts shall be deducted until the member retires or otherwise withdraws from service, and when deducted shall be paid into the annuity savings fund, and shall be

credited to the individual account of the member from whose compensation the deduction was made.

Sec. 5. 3 V.S.A. § 473(c) is amended to read:

(c) Employer contributions, earnings, and payments.

* * *

(2) Beginning with the actuarial valuation as of June 30, 2006, the contributions to be made to the fund by the state shall be determined on the basis of the actuarial cost method known as "entry age normal." On account of each member there shall be paid annually into the fund by the state an amount equal to a certain ~~percentage~~ percentages of the annual earnable compensation of such member, to be known as the "normal contribution," and ~~an~~ additional ~~amount~~ amounts equal to a certain percentage of the member's annual earnable compensation, to be known as the "basic accrued liability;" and "additional accrued liability" contributions. The percentage ~~rate~~ rates of ~~such the~~ contributions shall be fixed on the basis of the liabilities of the retirement system as shown by actuarial valuation.

* * *

(4)(A) Until the unfunded accrued liability, excluding the portion described in subdivision (B) of this subdivision (4), is liquidated, the basic accrued liability contribution shall be the annual payment required to liquidate the unfunded accrued liability over a period of 30 years from July 1, 1988,

provided that the amount of each annual basic accrued liability contribution after June 30, 1988 shall be five percent greater than the preceding annual basic accrued liability contribution. Any variation in the contribution of normal ~~or~~ basic, unfunded accrued liability or additional unfunded accrued liability contributions from those recommended by the actuary and any actuarial gains and losses shall be added or subtracted to the unfunded accrued liability and amortized over the remainder of the 30-year period.

(B) Until the additional unfunded accrued liability created as of July 1, 2008, by the implementation of a group F cost-of-living adjustment equal to the full increase or decrease, to the nearest one-tenth of a percent of the Consumer Price Index for the preceding fiscal year as provided in subsection 470(b) of this title, is liquidated, the additional accrued liability contribution, shall be the annual payment required to liquidate the additional unfunded accrued liability over a period of 30 years from July 1, 2008, provided that the amount of each annual additional accrued liability contribution made after June 30, 2009 shall be five percent greater than the preceding annual additional accrued liability contribution.

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Sec. 6. 3 V.S.A. § 479(a) is amended and (g) is added to read:

(a) As provided under section 631 of this title, a member who is insured by the respective group insurance plans immediately preceding the member's

effective date of retirement shall be entitled to continuation of group insurance as follows:

(1)(A) coverage in the group medical benefit plan provided by the state of Vermont for active state employees; or

(B) for a group F plan member first included in the membership of the system on or after July 1, 2008, coverage in the group medical benefit plan offered by the state of Vermont for active state employees and pursuant to the following, provided:

(i) a member who has completed five years and less than 10 years of creditable service at his or her retirement shall pay the full cost of the premium;

(ii) a member who has completed 10 years and less than 15 years of creditable service at his or her retirement shall pay 60 percent of the cost of the premium;

(iii) a member who has completed 15 years and less than 20 years of creditable service at his or her retirement shall pay 40 percent of the cost of the premium;

(iv) a member who has completed 20 years or more of creditable service at his or her retirement shall pay 20 percent of the cost of the premium;

and

(2) members who have completed 20 years of creditable service at their effective date of retirement shall be entitled to the continuation of life insurance in the amount of ~~\$5,000.00~~ \$10,000.00.

(g) A member of the group F plan who is first included in the membership of the system on or after July 1, 2008, who separates from service prior to being eligible for retirement benefits under this chapter, who have at least 20 years of creditable service, and who participated in the group medical benefit plan at the time of separation from service shall have a one-time option at the time retirement benefits commence to reinstate the same level of coverage, in the group medical benefit plan provided by the state of Vermont for active state employees, that existed at the date of separation from service. Premiums for the plan shall be prorated between the retired member and the retirement system pursuant to subsection 479(a) of this title.

Sec. 7. 3 V.S.A. § 631(a)(9) is amended to read:

(9) The amount of life insurance for any retired employee shall be reduced and limited to ~~\$5,000.00~~ \$10,000.00 on the date of his or her retirement. The provisions of this section shall apply to all retirees who complete 20 creditable years of service with the state before their retirement and are insured for group life insurance on their retirement dates. The total premiums for group life insurance provided under this section and section 632 of this title shall be paid by the state on behalf of employees retired in

accordance with the terms of subdivision (2) of this subsection, on behalf of employees who are on sick leave without pay for a period not to exceed twelve months and on behalf of any employee on disability retirement until proof of total and permanent disability has been accepted by the insurance company.