



STATE OF VERMONT
OFFICE OF THE STATE TREASURER

133 State Street
MONTPELIER, VERMONT 05633-6200
802-828-2301
www.vermonttreasurer.gov

SEALED BID REQUEST FOR PROPOSAL

VERMONT RETIREMENT SYSTEMS' ACTUARIAL SERVICES

(As revised/updated based on addenda and responses to bidder questions)

DATE: March 24, 2005 **(Revised on April 12, 2005)**
QUESTIONS DUE BY: April 8, 2005
DATE OF BID OPENING: April 18, 2005 **(Revised to April 20, 2005)**
TIME OF BID OPENING: 2:00 P.M.
LOCATION OF BID OPENING: 133 State Street, Montpelier, VT, 2nd Floor

ALL NOTIFICATIONS, RELEASES AND AMENDMENTS WILL BE POSTED AT:
www.vermonttreasurer.gov

THE OFFICE OF THE STATE TREASURER WILL MAKE NO ATTEMPT TO CONTACT BIDDERS WITH UPDATED INFORMATION. IT WILL BE THE RESPONSIBILITY OF EACH BIDDER TO PERIODICALLY CHECK THIS SITE FOR THE LATEST DETAILS.

CONTACT: Donna Holden
TELEPHONE: (802) 828-3708
E-MAIL: donna.holden@state.vt.us
FAX: (802) 828-2772



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SEALED BID INSTRUCTIONS

All bids must be sealed and must be addressed to the Office of the State Treasurer, 133 State Street, Montpelier, VT 05633-6200. **BID ENVELOPES MUST BE CLEARLY MARKED 'SEALED BID' AND SHOW THE PROPOSAL TITLE, OPENING DATE AND NAME OF BIDDER.**

All bidders are hereby notified that sealed bids must be in the office of the State Treasurer by the time of the bid opening. Bidders are cautioned that it is their responsibility to originate the sending of bids in sufficient time to ensure receipt by the Office of the State Treasurer prior to the time of the bid opening. Hand-carried bids shall be delivered to a representative of the Office of the State Treasurer prior to the bid opening. Bids not in possession of the Office of the State Treasurer at the time of the bid opening will not be considered.

The Office of the State Treasurer may, for cause, change the date and/or time of the bid opening. If a change is made, the Office of the State Treasurer will make a reasonable effort to inform all bidders.

All bids will be publicly opened. Any interested party may attend the bid opening. Bid results may be requested in writing and are available once an award has been made.



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1 OVERVIEW

The following subsections provide general information about the RFP.

1.1 Executive Summary

The Office of the State Treasurer and the Boards of Trustees of the Vermont State Employees' Retirement System, Vermont State Teachers' Retirement System and Vermont Municipal Employees' Retirement System (hereafter known as the Vermont Retirement Systems [VRS] or State) are seeking proposals from qualified actuaries to provide a full range of actuarial services to the three retirement systems.

Proposal specifications are set forth in Section 2, "Scope of Services."

Proposals in response to this RFP are due no later than 2:00 P.M. Eastern Time (ET) on April 20, 2005.

1.2 Minimum Bidder Qualifications

The bidder shall demonstrate a minimum of 10 years of experience in providing actuarial services to other states or public entities with similar pension programs.

Bidders shall provide a listing of engagements over the past five years which includes data on plan type, size, number of participants covered and other pertinent data to determine the firms quality, quantity, and timeliness of experience.

1.3 Plan Specifications

The Vermont State Employees' Retirement System (VSERS) offers membership to qualified state employees. There are four distinct plans. Approximately 8,079 active members, 1,787 inactive members, and 3,833 retirees participate in the system. The VSERS includes the following:

Plan A:

The original contributory plan where employees contribute five point one zero percent (5.10%) of their pay to the pension fund. The FY'04 active number of participants: 33.

Plan C:

The second level of benefits available where employees contribute six point two eight percent (6.28%) of their pay to the pension fund. The FY'04 active number of participants: 327.

Plan D:

The third level of benefits available where employees contribute five point one zero percent (5.10%) of their pay to the pension fund. The FY'04 active number of participants: 49.

Plan F:

The fourth level of benefits available where employees contribute three point three five percent (3.35%) of their pay to the pension fund. The FY'04 active number of participants: 7,670.

The Vermont State Teachers' Retirement System (VSTRS) offers membership to qualified Vermont state teachers. There are two distinct plans. Approximately 10,315 active members, 3,644 inactive members, and 4,386 retirees participate in the system. The VSTRS includes the following:

Plan A:

The original contributory plan where employees contribute five point five percent (5.5%) of their pay to the pension fund. The FY'04 active number of participants: 51.

Plan C:

The second level of benefits where employees contribute three point five four percent (3.54%) of their pay to the pension fund. The FY'04 active number of participants: 10,264.

The Vermont Municipal Employees' Retirement System (VMERS) offers membership to qualified municipal employees. There are four distinct plans. Approximately 5,633 active members, 2,648 inactive members, and 1,099 retirees participate in the system. The VMERS includes the following:

Plan A:

The original contributory plan where employees contribute two point five zero percent (2.50%) of their pay to the pension fund. The FY'04 active number of participants: 2,591.

Plan B:

The second level of benefits where employees contribute four point five zero percent (4.50%) of their pay to the pension fund. The FY'04 active number of participants: 2,576.

Plan C:

The third level of benefits available where employees contribute nine percent (9%) of their pay to the pension fund. The FY'04 active number of participants: 408.

Plan D:

The fourth level of benefits available where employees contribute eleven percent (11%) of their pay to the pension fund. The FY'04 active number of participants: 58.

Attached to the back of this RFP are copies of the annual evaluation information as it pertains to the different groups. Also attached is an Appendix that includes Vermont State Statutes and retirement Plan information.

1.4 Point of Contact

The sole point of contact for questions and all other contractual matters relating to this RFP is:

Name: Ms. Donna Holden
Title: Contracts Administrator
Vermont State Treasurer's Office
133 State Street
Montpelier, Vermont 05633-6200
Telephone: 802-828-3708
FAX: 802-828-2772
E-Mail: donna.holden@state.vt.us

All e-mail communication with Ms. Holden must include the words "Actuary RFP" in the subject line. **Bidder's proposals, due by 2:00 PM for bid opening on April, 20, 2005, are to be delivered to the VSRS office, marked to the attention of Ms. Donna Holden (see above).**

Attempts by bidders to contact any other party may result in the rejection of their proposal.

1.5 RFP Timetable

RELEASE DATE OF THE RFP:	March 24, 2005 (Revised on April 12, 2005)
QUESTIONS DUE:	April 8, 2005
ANSWERS POSTED TO WWW.VERMOMTTREASURER.GOV :	April 10, 2005 (Revised to April 12, 2005)
ALL PROPOSALS MUST BE SUBMITTED NO LATER THAN 2:00 P.M. Eastern Time ON:	April 18, 2005 (Revised to April 20, 2005)
THE PROJECTED CONTRACT START DATE IS ON OR ABOUT:	May 2005

NOTE: A PRE-PROPOSAL CONFERENCE WILL NOT BE HELD.

1.6 Attachments to RFP

VRS has provided the following information as attachments to the RFP:

- **Attachment A**
Standard Contract Provisions
- **Attachment B**
Confidentiality Agreement
- **Attachment C**
FY 2004 Actuarial Valuations
- **Appendix A**
Vermont State Statute and Plan Information

2 SCOPE OF SERVICES

The Office of the State Treasurer and the Boards of Trustees of the Vermont State Employees' Retirement System, Vermont State Teachers' Retirement System and Vermont Municipal Employees' Retirement System (hereafter known as the Vermont Retirement Systems or State) are seeking proposals from qualified actuaries to provide a full range of actuarial services to the three retirement systems.

The scope of the services includes, but is not limited to those listed within this RFP.

2.1 Annual Valuations

At a minimum, the actuarial valuation must be prepared at the end of each fiscal year. Preparation of the valuation reports must be completed within an agreed-upon time period. The report must include and be based on the following:

- The preparation of an annual actuarial valuation report for each system for each year of the contract. The valuations will be based on annual retirement system data for the fiscal years ending June 30, with final results reported to the Retirement Board in October.
- In addition to the standard valuation detail, the reports must include a) the accounting information required in accordance with applicable Governmental Accounting Standards Board Statements, and b) a detailed gain/loss analysis.
- Preparation of the report must be completed using methodologies as prescribed by statute (see appendix). In the case of VSERS and VSTRS, the methodology used according to statute is "entry age with frozen liability." The State may request additional reports using "entry age normal" with no frozen liability. Prospective bidders should include the cost of the supplemental report in its cost proposal.
- The reports shall contain the following:
 - Characteristics of covered active members, inactive participants, terminated vested participants, and pensioners and beneficiaries.
 - Pension fund assets.
 - A cash flow projection of contributions, benefits payments, investment income, and other receipts or disbursements.
 - Economic actuarial assumptions regarding such issues as future salary increases and investment earning as set by the Boards.
 - Actuarial assumptions regarding such issues as employee termination, retirement, disability and death.
 - Recommended funding levels
- Copies of our existing actuarial reports are included on our Web site. Prospective bidders are encouraged to review these reports.
- The selected bidder will be expected to present its findings at a meeting of each of the VRS Boards in September of each year, and to prepare a summary of the report for presentation to the Legislature.

2.2 Experience Study

The preparation of one experience study report for each system may be required during the contract period. Each report must include a) an analysis of the economic and demographic experience of the retirement system over the defined study period; b) the development of a set of actuarial assumptions based on the study results, including a financial analysis of the proposed changes; and c) a review of the existing actuarial funding method and asset valuation method.

2.3 Benefit Statements

The selected bidder will produce data for annual benefit statements/booklets for members of the system. This will include the cost of preparation but not production, mailing and postage. These statements will include:

- Projected benefits at normal retirement
- Accrued benefit at end of fiscal year
- Death in service benefit
- Disability Benefits
- Fiscal year accounting of account balance and creditable service
- Beneficiary information
- Narrative for booklet to be provided by VRS.

2.4 Additional Duties

The following is a list of potential additional services (this list may be augmented) required throughout the term of the contract.

- Preparation of actuarial and fiscal impact studies of proposed state or federal legislation.
- Preparation of special reports using existing data.
- Actuarial development of past service cost for municipalities interested in joining the VMERS system.
- Attendance at Retirement Board or subcommittee meetings to present relevant actuarial reports and related findings. These are estimated at five (5) per year.
- Special projects assigned by VRS.
- Routine consultations with the VRS and the Treasurer's Office regarding fiscal, legal, and regulatory issues impacting the retirement plans.

GASB 45: As an optional service in this RFP, the proposer may be requested to prepare an annual actuarial valuation of post-employment benefit programs for both the VSERS and VSTRS boards based on employee data and premium information supplied by staff VRS staff. Estimates for these optional services should be described in the cost proposal section.

2.5 Documents, Reports, and Other

All documents, reports, computer software, paper and other materials ("Papers"), except for those generally available to the public, which are provided to the actuary by the Board, and any copies of any such Papers that may be reproduced or otherwise procured by the actuary and all Papers and other work product produced by the actuary in connection with this agreement, and all information contained in such

Papers, shall be deemed and shall remain property exclusively of the Plan and shall be available to the Plan's representatives upon their request.

No Papers may be reproduced or otherwise used by the actuary for purposes unrelated to the subsequent contract.

2.6 Requirements Related to Conflicts of Interest

Bidders shall identify all existing or potential conflicts of interest that would prevent the bidder from fully performing the tasks described in this RFP. Such disclosure will be a continuing requirement subsequent to award of a Contract and for the life of the Contract.

3 PROCUREMENT AND CONTRACTUAL ADMINISTRATION

The following subsections discuss the administrative and contractual requirements that pertain to this procurement.

3.1 Bidding and Contractual Requirements

The State reserves the right to obtain clarification or additional information necessary to properly evaluate a proposal. Bidders may be asked to give a verbal presentation. Failure of bidder to respond to a request for additional information or clarification could result in rejection of that bidder's proposal. The State reserves the right to accept or reject any and all bids, in whole or in part, with or without cause. The State reserves the right to make an award without further discussion of the proposal submitted. The State does not guarantee that an award will be made as a result of this RFP.

3.1.1 Incurred Expenses

The cost of developing and submitting the proposal is entirely the responsibility of the bidder. This includes costs to determine the nature of this engagement, preparation of the proposal, submitting the proposal, negotiating for the contract, and other costs associated with this RFP.

3.1.2 Public Records & Bidder Proprietary Information

All responses will become the property of the State of Vermont and will be a matter of public record. Any page with proprietary information must be marked by bidders as such, pursuant to 1 V.S.A. Chapter 5, §317(c)(9). Further, bidders must provide within their responses a justification for each marked page.

3.1.3 Member Confidentiality

The State wants to assure the confidentiality of its members' and retirees' records. Therefore, each bidder shall be required to execute a Corporate Agreement of Confidentiality in order to submit a proposal for this RFP (see Attachment B). In the event that the bidder is selected to perform services, all bidder staff members assigned to the project in any capacity will be required to sign statements of confidentiality in order to participate in the project.

3.1.4 Pricing

The bidder must be aware that the State wants the most effective combination of price, performance, and quality possible within the constraints of the VRS's budgets. Pricing must be a firm fixed price or specified as an hourly rate, including all expenses. The State will not accept any open-ended, time and materials bids. There may be no best and final offer procedure. Therefore, the proposal shall be submitted on the most favorable terms that the bidder can provide.

3.1.5 Subcontracting

The State will only enter into contracts with the primary contractor, and the State must approve any subcontractor contract in writing (See ATTACHMENT A, sub-Attachment C #13). The selected bidder must assume responsibility for subcontractor performance and payment. Subcontractors must abide by all conditions set forth in the contract with the primary contractor. The successful bidder will be expected to execute sub agreements for each subcontractor named in the proposal upon award of this contract. The bidder must provide a brief description in the cost proposal in regard to the basis for selecting each subcontractor (low bid, competitive negotiation, technical capabilities, etc.). The bidder must provide subcontractor cost estimates in the bidder's cost proposal.

3.1.6 Doing Business in Vermont

The bidder awarded this contract shall, upon notification of award, apply for registration with the Vermont Secretary of State's Office to do business in the State of Vermont, if not already so registered. The registration form may be obtained from the Vermont Secretary of State, Redstone Building, 26 Terrace Street, Drawer 09, Montpelier, VT 05609-1101. The telephone number is (802) 828-2386. The Treasurer's Office will not execute the contract until the bidder is registered with the Secretary of State's Office.

Bidders are each responsible for complying with all statutory provisions applicable to doing business in the State of Vermont and with VRS (see above and Attachment A).

3.1.7 Grievance of Award

If any bidder is aggrieved by the proposed award of the contract, the bidder may appeal in writing to Donna Holden. The appeal must be postmarked within fourteen (14) calendar days following the date of the written notice to award the contract.

3.1.8 Minority Business Enterprises

The State recognizes the important contribution and vital impact that small businesses have on the state's economy. In this regard, the state subscribes to a free and open bidding process that affords all businesses equal access and opportunity to compete for state contracts for goods and services. The state also recognizes the existence of businesses owned by minorities and women and directs all state agencies and departments to make a good faith effort to encourage these firms to compete for state contracts.

3.1.9 Duration of Proposal Offer

Proposals submitted in response to this RFP are irrevocable for 120 days following the closing date of proposals. This period may be extended at the request of the State, and with the bidders written approval.

3.1.10 Revisions to the Solicitation

The State reserves the right to modify requirements should a bidder inquiry identify a change that is in the best interest of VRS. Such modifications (or amendments) to the RFP will be posted to the Vermont Treasurer's Web site at www.vermonttreasurer.gov and will not be distributed through any other means. It is the bidder's responsibility to check the Web site for such changes.

3.1.11 General Conditions

The general conditions and specifications of the RFP, the successful bidder's response/proposal, all questions and answers, and all RFP amendments (if any) will become part of the contract by reference.

The bidder is expected to respond with due diligence by providing the requested information in the designated manner. Bidders failing to respond to this RFP as prescribed will place themselves at a comparative disadvantage or will be subject to disqualification at the discretion of the State.

3.1.12 Contract Duration

The successful bidder to this RFP can expect a contract with the State (see sample contract Attachment A), for a minimum of two years, with up to two one-year extensions.

3.2 Bidder Questions

Questions may be submitted in writing until the date and time specified in Table 1 in Section 1.5. E-mail is the preferred method of communicating questions. Response to questions will be posted to the Vermont Treasurer's Web site at www.vermonttreasurer.gov. All questions submitted must include the name of the firm and the person submitting the questions.

4 PROPOSAL PREPARATION

This section sets forth the format that must be followed by bidders in developing their proposals in response to this RFP. The instructions provided and format requested for bidder proposals are designed to ensure a clear and complete understanding and comprehensive evaluation of each proposal. There is no intent to limit the content of the proposals or to inhibit a presentation in other than the bidder's favor.

4.1 Proposal Acceptance

The bidder is encouraged to include additional information or data as may be appropriate or to offer alternate solutions. However, the bidder should not exclude from its proposal any portion requested in this document. Proposals that vary materially from this prescribed format may be judged non-compliant and withdrawn from consideration.

The bidder must understand that the State will view the degree of compliance with this section as an indication of the degree of cooperation to be expected from the bidder in working with VRS after contract award.

4.1.1 Proposal Packaging and Required Copies

Cost Proposals (Part IV below) must be packaged separately from Technical Proposals (Parts I, II, and III below) and sealed in a separate envelope, so labeled.

Bidders must mark any pages that contain proprietary information as such. Further, they must provide within their responses a justification for each marked page.

Bidders must submit seven (7) bound copies of their proposals as well as one (1) CD-ROM containing the appropriate Microsoft Word 2000, Excel 2000, and Project 2003 files to comprise a full proposal set. In addition, the bidder must provide one (1) unbound master copy of the technical proposal and one (1) unbound master copy of the cost proposal, each packaged separately.

We point out that the requirement for separate Cost Proposals actually doubles the above numbers.

The information in the table provided below must appear on the title page of each copy of each proposal, on the CD-ROM label, and on the outside of the packages in which they are shipped (if proposals are shipped by overnight courier, the title sheet may be affixed to the package inside the courier's packaging material):

Contents of Response Cover Page

RFP title:	Vermont Retirement Systems' Actuarial Services
RFP section:	Technical or Cost
<i>Closing date and time for submission of proposals: April 20, 2005, 2:00 pm.</i>	
Name, address, e-mail, and (voice) telephone number of firm submitting proposal	

Proposals must be addressed to the point of contact identified in Section 1.4 of the RFP.

Bidders are to organize their proposals into four parts with a cover letter and other administrative information as follows:

Administrative	Cover page Cover Letter as described below Executive Summary Tax Certificate Table of Contents
Part I	Bidder Information
Part II	Technical Approach
Part III	Bidder References
Part IV (to be packaged separately)	Cost

The following subsections describe the required content of the bidder's proposal.

4.2 Bidder's Proposal Administrative Section

In addition to the cover page and table of contents, the items that need to appear in the Administrative Section of the proposal are described below.

4.2.1 Cover Letter

The response should contain a cover letter and introduction, including: the company name and address, and the name, e-mail address, and telephone number of the person or persons authorized to represent the respondent regarding all matters related to the response. The cover letter must contain the following statement:

"We have read the State's Request for Proposals (RFP) for Vermont Retirement Systems' Actuarial Services and fully understand its intent. We certify that we have adequate personnel, equipment, and facilities to provide the State's requested services that we have indicated we can meet. We understand that our ability to meet the criteria and provide the required services shall be judged solely by the Office of the State Treasurer."

A person authorized to bind the firm to all commitments made in its response shall sign this letter.

In addition, the cover letter must certify that:

- The response is genuine, and is not collusive or a sham.
- The response is not made in the interest of or on the behalf of any person not named therein.
- The bidder has not directly or indirectly induced or solicited any person to submit a false or sham response or to refrain from submitting a proposal.
- The bidder has not in any manner sought by collusion to secure an advantage over any other respondent.
- The bidder has thoroughly examined the RFP requirements, and the proposed fees cover all the services that the State has requested.
- The bidder acknowledges and accepts all terms and conditions included in the RFP.
- The bidder agrees to provide services in a manner acceptable to the Treasurer's Office, and as stipulated in the RFP and subsequent contract.
- The bidder and key professionals do not have or anticipate a potential conflict of interest with the Office of the State Treasurer or the Boards of Trustees of the three retirement systems.

- The bidder and key professionals do not accept fees and derive no benefit from relationships with any hardware or software vendors that may be involved in the project.
- The bidder has completed and submitted, with the RFP response, the Vermont Tax Certificate, provided in this RFP.
- The bidder has submitted financial information. Publicly owned businesses agree to provide their most recent annual report, current balance and income statement. Privately owned businesses agree to provide company financials. Proprietary and/or confidential materials must be marked accordingly.

4.2.2 Executive Summary

All responses from bidders must include a summary of the methodology or approach to be used for completing all of the required tasks outlined in the bidder's response. The Executive Summary for the Technical Proposal shall not mention costs. A separate Executive Summary must be included in the Cost Proposal package.

4.2.3 Tax Certificate

This certificate appears on page 3 of this RFP and must be incorporated into the administrative section of the bidder's response.

4.3 Bidder's Proposal Part I – Bidder Information

4.3.1 Section I – General

In this section, the bidder shall provide basic information about its firm and staff, including the following:

- Name, address, e-mail address, and (voice) telephone number of contact person in the firm submitting the proposal and the location from which this project will be completed and managed
- Narrative of the firm
- Whether your firm anticipates any near-term changes in its ownership or organization structure
- Whether your firm, a parent of your firm, a subsidiary of your firm, or another subsidiary of your parent's firm, now does business with the State of Vermont
- Please identify the individuals who would perform the work for the State of Vermont. Describe their assigned responsibilities and provide resumes, which include their public sector background, if any. Please provide the following information: name and title, role with the State of Vermont, total years of actuarial experience, years of actuarial experience with the firm, number and size of currently assigned accounts
- Verification of current professional credentials.

4.3.2 Section II – Experience Summary

In this part of the proposal, the bidder must describe its current and historical experience in providing services of a similar nature for other clients. Particular emphasis shall be placed on any experience in supporting public sector clients especially for public employee retirement systems.

This part of the proposal must demonstrate a successful business history of continuous operation for a minimum of 10 years of experience in actuarial services, and a minimum of at least 5 years of experience conducting similar comprehensive actuarial services for similar size/type plans. This Section should include:

- Number of years in business
- Ownership (i.e., public or private)

- Current SAS 70 Report or external Quality Control Review from within past 2 years
- Representative client list.

Please provide the following information pertaining to your current clients:

Plan Participants	Number of Clients			
	Public Sector	Other Tax-Exempt	Other	Total
0-10,000				
10,001 – 20,000				
20,001 – 30,000				
30,001 – 40,000				
Over 40,000				
Total				

4.4 Bidder’s Proposal PART II – Technical Approach

This part of the bidder’s proposal shall address the following:

- Section 1 – Statement of Understanding, a statement in the bidders’ own words of the overall nature of the project and State’s contractual requirements. Please describe your ability to provide the requirements listed in the Scope of Services section. This statement must include the written certification regarding the confidentiality discussed in Section 3.1 of this RFP.
- Section 2 – Technical Requirements, the bidder’s proposal to fulfill the project’s requirements (refer to Section 2 of this RFP). In this section the bidder shall:
 - » Describe your organization’s approach to actuarial consulting
 - » State its agreement to participate in oral presentations, if they are requested
 - » Explain in detail your organization’s policies regarding the adoption of actuarial assumptions, techniques, and methodologies to be used with regard to the State.
 - » Describe the technology you would use in providing the requested services (e.g., computer models, software, and hardware).
 - » In summary, why should your firm be selected.

Please provide any other information that you believe would be helpful in our decision-making process.

- Section 3 – Proposed Project Staffing including proposed staff member resumes and certification
- Section 4 – Proposed Value-Added Options – VRS will consider any option proposed by the bidder as a value-added option that will substantially reduce costs, improve efficiency of operations. This Section is optional (but desirable) in the bidder’s proposal.
- Section 5 – Assumptions and Exceptions – Identification of all assumptions that the bidder made in preparing its proposal as well as any exceptions that the bidder takes with regard to the requirements expressed in the RFP. This section must contain a list of **all** assumptions and exceptions, with a cross-reference to the specific section of the RFP to which the assumption or

exception applies. Failure to abide by this requirement (i.e., failure to include a single, consolidated list of assumptions and a single consolidated list of exceptions) may be grounds for disqualification of the bidder. Further, any assumptions or exceptions distributed within the body of the proposal but not summarized in this Section will not be binding upon or honored by the State.

- Section 6 – Staff Responsibilities and Time Commitment – Identification of bidder and VRS responsibilities per the bidder’s work plan. Identify all activities, roles, responsibilities, etc. as well as the entire suite of human resource requirements over the course of the contract that the bidder expects VRS to provide. Similar information must be provided pertaining to bidder staff. A table in the format provided below may assist in this effort:

POSITION	VRS STAFF HRS/WEEK (HRS/PROJECT)	BIDDER STAFF HRS/WEEK (HRS/PROJECT)
VRS Director of Retirement		
VRS Staff		
VRS Other		
Bidder Lead Actuary		
Bidder Staff		
Bidder Other		

4.5 Bidder’s Proposal PART III – Bidder References

The bidder shall demonstrate a minimum of 10 years of experience in providing actuarial services to other states or public entities with similar pension programs for similar size/type plans and provide at least four (4) references. Greater weight may be given to references wherein the bidder provides services for similar size/type plans in the public arena. References from governmental agencies, especially public employees’ retirement systems are of particular interest to VRS.

For each reference, the bidder must include the name, address, e-mail address, and telephone numbers of individuals qualified to provide information from both the management and technical viewpoints. For each reference, the bidder must specify:

- The length of time during which actuarial services were performed
- The number of participants in the Plan
- Statistics such as number and types of groups within a Plan, etc.
- The original proposal cost estimate
- The actual final cost
- An explanation of the deviation between the original estimate and final cost
- A description of the specific services provided.

4.6 Bidder's Proposal PART IV – Cost

Bidder cost proposals shall be presented in sufficient clarity and detail to enable VRS to validate the costs.

- A. The Bidder shall provide a fixed cost, per system, for each of the items below, and may also propose an aggregate cost:
 - 1. Annual Actuarial Valuations
 - 2. Experience Studies
 - 3. Annual Benefit Statements

The costs should be all inclusive, including expenses and time for presentation to the VRS Boards.

- B. Please identify all services, if any, included in section 2.4 “additional duties” that would be included in the fixed costs above.
- C. If not included in the aggregate fixed fees above, please identify fixed fee costs for:
 - 1. Actuarial valuation of post employment benefits for VSERS and VSTRS systems.
 - 2. Supplemental annual valuation for VSTRS using the EAN methodology.
- D. Please identify any services not included in the fixed fees above, and provide either a fixed fee or proposed hourly rate.
- E. Cost proposals should be presented on a per annum basis, per system.

Note: Bidder costs shall be all-inclusive, reflecting all travel and labor costs, and all incidental costs.

This part of the proposal must be bound separately and sealed in an envelope separate from the technical proposal and be labeled “Cost Proposal.” Cost information is NOT to be provided in any other part of the bidder’s proposal.

5 BIDDER EVALUATION AND SELECTION CRITERIA

The Office of the State Treasurer will conduct a fair and impartial evaluation of the proposals received in response to this RFP.

Fees and compensation will be an important factor in the evaluation of responses. However, the Office of the State Treasurer is not required to select the low cost bidder, but may select the bid that demonstrates the “best value” overall, including proposed alternatives, and that meets the objectives of this RFP. The Office of the State Treasurer reserves the right to negotiate a change in any element of contract performance or cost identified in the RFP.

Evaluation of Proposals
A. RFP Understanding Approach Clarity Creativity of proposal Responsiveness to Scope of Services
B. General Experience & Qualifications of Firm Experience Assigned personnel Any other resources assigned to State
C. Financial Security
D. Cost

Once the technical proposal is discussed and ranked, the cost proposal will be reviewed for consistency with, and in light of, the evaluation of the technical proposal. The Office of the State Treasurer reserves the right to seek clarification of any proposal submitted, request oral presentations, and to select the proposal considered to best promote the public interest.

By signing the bid and contract documents, the bidder agrees that the prices quoted have been arrived at without collusion and that no prior information concerning these prices has been received from or given to a competitive company.

Note: Cost proposals will be opened and reviewed only for those bids that meet the established minimum technical thresholds.

ATTACHMENT A – STANDARD CONTRACT FOR PERSONAL SERVICES

STATE OF VERMONT STANDARD CONTRACT FOR PERSONAL SERVICES

1. **Parties:** This is a contract for personal services between the State of Vermont _____ (hereafter called “State”), and _____ with _____ principal place of business in _____ (hereafter called “Contractor”). Contractor’s form of business organization is _____. Contractor (is/is not) required by law to have a Business Account Number from the Vermont Department of Taxes. Account Number is (#_____/not required by law).
2. **Subject Matter:** The subject matter of this contract is personal services generally on the subject of _____. Detailed services to be provided by the Contractor are described in ATTACHMENT A (below).
3. **Maximum Amount:** In consideration of the services to be performed by Contractor, the State agrees to pay Contractor, in accordance with the payment provisions specified in ATTACHMENT B, a sum not to exceed \$_____.00.
4. **Contract Term:** The period of Contractor’s performance shall begin on _____, 20____, and end on _____, 20____.
5. **Prior Approvals:** If approval by the Attorney General’s Office or the Secretary of Administration is required (under current law, bulletins, and interpretations), neither this contract nor any amendment to it is binding until it has been approved by either or both such persons.
 - Approval by the Attorney General’s Office is required.
 - Approval by the Secretary of Administration is required.
6. **Amendment:** No changes, modifications, or amendments in the terms and conditions of this contract shall be effective unless reduced to writing, and numbered and signed by the duly authorized representative of the State and Contractor.
7. **Cancellation:** This contract may be canceled by either party by giving written notice at least ____ days in advance of the proposed cancellation date.
8. **Attachments:** This contract consists of ____ pages including the following attachments, which are incorporated herein:
 - Attachment A – Specifications of Work to be Performed
 - Attachment B – Payment Provisions
 - Attachment C – “Customary State Contract Provisions” (revision date 2/95).

Contract # _____

WE, THE UNDERSIGNED PARTIES, AGREE TO BE BOUND BY THIS CONTRACT.

by the STATE OF VERMONT:

by the CONTRACTOR:

Date: _____

Date: _____

Signature: _____

Signature: _____

Name/Title: _____

Name/Title: _____

Agency: _____

Fed ID/S. Sec# _____

STATE OF VERMONT
CONTRACT FOR PERSONAL SERVICES

ATTACHMENT A
SPECIFICATIONS OF WORK TO BE PERFORMED

(Insert Attachment A)

STATE OF VERMONT
CONTRACT FOR PERSONAL SERVICES

ATTACHMENT B
PAYMENT PROVISIONS

(Insert Attachment B)

STATE OF VERMONT
CONTRACT FOR PERSONAL SERVICES

ATTACHMENT C
CUSTOMARY STATE CONTRACT PROVISIONS

1. Entire Agreement: This contract represents the entire agreement between the parties on the subject matter. All prior agreements, representations, statements, negotiations, and understandings shall have no effect.
2. Applicable Law: This contract shall be governed by the laws of the State of Vermont.
3. Appropriations: If this contract extends into more than one fiscal year of the State (July 1 to June 30) and if appropriations are insufficient to support this contract, the State may cancel at the end of the fiscal year, or otherwise upon the expiration of existing appropriations authority.
4. No Employee Benefits for the Contractor: The Contractor understands that the State will not provide any individual retirement benefits, group life insurance, group health and dental insurance, vacation and sick leave, worker's compensation, or other benefits or services available to State employees, nor will the State withhold any State or Federal taxes. The Contractor understands that all tax returns required by the Internal Revenue Code and the State of Vermont, including, but not limited to, income, withholding, sales and use, and rooms and meals, must be filed by the Contractor, and information as to contract income will be provided by the State of Vermont to the Internal Revenue Service and the Vermont Department of Taxes.
5. Independence, Liability: The Contractor will act in an independent capacity and not as officers or employees of the State. The Contractor shall indemnify, defend, and hold harmless the State and its officers and employees from liability and any claims, suits, judgments, and damages arising as a result of the Contractor's acts and/or omissions in the performance of this contract.

Insurance: Before commencing work on this contract, the Contractor must provide certificates of insurance to show that the following minimum coverages are in effect. It is the responsibility of the Contractor to maintain current certificates of insurance on file with the State through the term of the contract.

Worker's Compensation: With respect to all operations performed, the Contractor shall carry worker's compensation insurance in accordance with the laws of the State of Vermont.

General Liability and Property Damage: With respect to all operations performed under the contract, the Contractor shall carry general liability insurance having all major divisions of coverage including, but not limited to:

Premises - Operations
Independent Contractor's Protective
Products and Completed Operations
Personal Injury Liability
Contractual Liability

The policy shall be on an occurrence form and limits shall not be less than:

\$1,000,000 Per Occurrence
\$1,000,000 General Aggregate
\$1,000,000 Products/Completed Products Aggregate
\$50,000 Fire Legal Liability

The policy must cover the loss, damage, theft, or destruction of documents that may occur during the period when Contractor is in possession of the documents, and must provide first dollar coverage (i.e., no deductible) for actual replacement costs (State or Contractor staff time to reconstruct folders). The State has determined that the cost to replace a lost file is \$1,000.

Automotive Liability: The Contractor shall carry automotive liability insurance covering all motor vehicles, no matter the ownership status, used in connection with the contract. Limits of coverage shall not be less than \$1,000,000 Combined Single Limit.

No warranty is made that the coverages and limits listed herein are adequate to cover and protect the interests of the Contractor for the Contractor's operations. These are solely minimums that have been set to protect the interests of the State.

7. Reliance by the State on Representations: All payments by the State under this contract will be made in reliance upon the accuracy of all prior written representations by the Contractor, including but not limited to bills, invoices, progress reports, and other proofs of work.

8. Records Available for Audit: The Contractor will maintain all books, documents, payrolls, papers, accounting records, and other evidence pertaining to costs incurred under this agreement and make them available at reasonable times during the period of this contract and for three years thereafter for inspection by any authorized representatives of the State or Federal Government. If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved. The State, by any authorized representative, shall have the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed under this contract.

9. Fair Employment Practices and Americans with Disabilities Act: The Contractor agrees to comply with the requirements of Title 21 V.S.A. Chapter 5, Subchapter 6, relating to fair employment practices, to the full extent applicable. Contractor shall also ensure, to the full extent required by the Americans with Disabilities Act of 1990, that qualified individuals with disabilities receive equitable access to the services, programs, and activities provided by the Contractor under this contract. Contractor further agrees to include this provision in all subcontracts.

10. Set Off: The State may set off any sums that the Contractor owes the State against any sums due the Contractor under this contract; provided, however, that any set-off of amounts due the State of Vermont as taxes shall be in accordance with the procedures more specifically provided hereinafter.

11. Taxes Due to the State:

a. Contractor understands and acknowledges responsibility, if applicable, for compliance with State tax laws, including income tax withholding for employees performing services within the State, payment of use tax on property used within the State, and corporate and/or personal income tax on income earned within the State.

b. Contractor certifies under the pains and penalties of perjury that, as of the date the contract is signed, the Contractor is in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due the State of Vermont.

c. Contractor understands that final payment under this contract may be withheld if the Commissioner of Taxes determines that the Contractor is not in good standing with respect to, or in full compliance with, a plan to pay any and all taxes due to the State of Vermont.

d. Contractor also understands the State may set off taxes (and related penalties, interest, and fees) due to the State of Vermont, but only if the Contractor has failed to make an appeal within the time allowed by law, or an appeal has been taken and finally determined and the Contractor has no further legal recourse to contest the amounts due.

12. Child Support: (Applicable if the Contractor is a natural person, not a corporation or partnership.) Contractor states that, as of the date the contract is signed, he/she:

is not under any obligation to pay child support; or
is under such an obligation and is in good standing with respect to that obligation; or
has agreed to a payment plan with the Office of Child Support Services and is in full compliance with that plan.

Contractor makes this statement with regard to support owed to any and all children residing in Vermont. In addition, if the Contractor is a resident of Vermont, Contractor makes this statement with regard to support owed to any and all children residing in any other state or territory of the United States.

13. Subcontractors: Contractor shall not assign or subcontract the performance of this agreement or any portion thereof to any other contractor without prior written approval of the State. Contractor also agrees to include in all subcontract agreements a tax certification in accordance with Paragraph 11 above.

14. No Gifts or Gratuities: Contractor shall not give title or possession of any thing of substantial value (including property, currency, travel and/or education programs) to any officer or employee of the State during the term of this contract.

15. Copies: All written reports will be printed using both sides of the paper.

Notwithstanding any other provision in this contract, the parties understand that this contract is a public record.

ATTACHMENT B – CONFIDENTIALITY AGREEMENT

I, _____ (name), _____ (title), as legal representative of _____ (firm name) in order to submit a proposal for future actuarial services to the Vermont Retirement System (VRS), do hereby acknowledge and agree to the following:

1. Certain information will be made available by VRS to _____ (firm name) to enable the firm to perform services necessary in order to prepare a proposal to VRS for Actuarial Services.
2. Vermont law provides that the contents of VRS member records will not be disclosed without the prior written consent of the individual to whom the record pertains. Information provided to _____ (firm name) is confidential and shall not be made available to any individual or organization without the prior written approval of VRS.
3. The confidentiality of any and all information that is provided by VRS to the firm directly or indirectly will be upheld and protected. All such information will be handled and processed in a manner to preserve its confidentiality and it will not be revealed or divulged to any individual or firm.
4. All information submitted by VRS will remain the property of VRS and will be returned to VRS upon completion or upon request by VRS.

Signature: _____

Date: _____ day of _____, 2005.

ATTACHMENT C – FY 2004 ACTUARIAL VALUATIONS

Vermont State Employees' Retirement System

<http://www.vermonttreasurer.gov/pension/stateReports.html>

Vermont State Teachers' Retirement System

<http://www.vermonttreasurer.gov/pension/teacherReports.html>

Vermont Municipal Employees' Retirement System

<http://www.vermonttreasurer.gov/pension/muniReports.html>

APPENDIX

VSERS State Statutes and Data

TITLE 3 V.S.A. VERMONT STATE EMPLOYEES' RETIREMENT SYSTEM

Chapter 16

§ 473. Funds

(a) List of funds. All of the assets of the retirement system shall be credited, according to the purpose for which they are held, among three funds: namely, the annuity savings fund, the pension accumulation fund, and the expense fund.

(b) Annuity savings fund.

(1) The annuity savings fund shall be the fund in which shall be accumulated contributions deducted from the compensation of members together with any amounts transferred thereto from the annuity savings fund of the predecessor systems. The amounts so transferred on account of group A members shall be allocated between regular and additional contributions. The amounts so allocated as regular contributions shall be determined as if the rate of contribution of four percent has been continuously in effect in the predecessor system from which such amounts were transferred and the balance of any amount so transferred on account of any group A member shall be deemed additional contributions. In the case of group C members who were members as of the date of establishment and D members all contributions transferred from predecessor systems shall be deemed regular contributions. Those members who, prior to the date of establishment of this system, had been contributing at a rate less than four percent shall have any benefit otherwise payable on their behalf actuarially reduced to reflect such prior contribution rate of less than four percent. Upon his retirement or other withdrawal from service on the basis of which a retirement allowance is payable, the member's additional contributions, with interest thereon, shall be paid as an additional allowance equal to an annuity which is the actuarial equivalent of such amount, in the same manner as the benefit otherwise payable under the system.

(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 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 compensation from the state be subject to social security withholding or at the rate of five percent of compensation if such member elected to have compensation from the state subject to Social Security withholding and at the rate of 3.25 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.

(3) The deductions provided for herein shall be made notwithstanding that the minimum compensation provided for by law for any member shall be reduced thereby. Every member shall be deemed to consent

and agree to the deductions made and provided herein and shall receipt for full compensation, and payment of compensation less such deduction shall be a full and complete discharge and acquittance of all claims and demands whatsoever for the services rendered by such person during the period covered by such payment, except as to the benefits provided under this subchapter.

(4) Subject to the approval of the retirement board, in addition to the contributions deducted from compensation as hereinbefore provided, any member may redeposit in the annuity savings fund by a single payment or by an increased rate of contribution an amount equal to the total amount which the member previously withdrew from this system or one of the predecessor systems; or any member may deposit therein by a single payment or by an increased rate of contribution an amount computed to be sufficient to purchase an additional annuity which, together with prospective retirement allowance, will provide for the member a total retirement allowance not in excess of one-half of average final compensation at normal retirement date, with the exception of group D members for whom creditable service shall be restored upon redeposits of amounts previously withdrawn from the system, or for whom creditable service shall be granted upon deposit of amounts equal to what would have been paid if payment had been made during any period of service during which such a member did not contribute. Such additional amounts so deposited shall become a part of his accumulated contributions as additional contributions.

(5) The contributions of a member and such interest as may be allowed thereon which are withdrawn by the member or paid to the member estate or to a designated beneficiary in event of the member's death, shall be paid from the annuity savings fund. Upon the retirement of a member, the member's accumulated contributions shall be transferred from the annuity savings fund to the pension accumulation fund.

(6) Contributions required under this subsection shall be limited to contributions from group A, group C, group D and group F members.

(7) [Repealed.]

(c) Pension accumulation fund.

(1) The pension accumulation fund shall be the fund in which shall be accumulated all reserves for the payment of all pensions and other benefits, including all interest and dividends earned on the funds of the retirement system, and from which shall be paid all benefits payable under the system other than those payable from the annuity savings fund. Annually, the retirement board shall allow regular interest on the individual accounts of members in the annuity savings fund, and shall transfer such amounts from the pension accumulation fund.

(2) Beginning with the actuarial valuation as of June 30, 1981, the contributions to be made to the pension accumulation fund by the state shall be determined on the basis of the actuarial cost method known as "entry age normal cost with frozen initial liability." On account of each member there shall be paid annually into the pension accumulation fund by the state an amount equal to a certain percentage of the annual earnable compensation of such member, to be known as the "normal contribution," and an additional amount equal to a certain percentage of his annual earnable compensation, to be known as the "accrued liability." The rates percent of such contributions shall be fixed on the basis of the liabilities of the retirement system as shown by actuarial valuation.

(3) The normal contribution shall be the uniform percentage of the total compensation of members which, if contributed over each member's prospective period of service and added to such member's prospective contributions, if any, will be sufficient to provide for the payment of all future benefits after subtracting the sum of the unfunded accrued liability and the total assets of the funds of the retirement system.

(4) The unfunded accrued liability determined by actuarial valuation as of June 30, 1988 shall be amortized over a period of 30 years beginning July 1, 1988 in accordance with the provisions of this section. Subject to the approval of the retirement board, the amount of unfunded accrued liability may be adjusted after 1988 to take account of changes in the actuarial assumptions used in annual valuations.

(5) [Repealed.]

(6), (7) [Repealed.]

(d) Contributions of state. As provided by law, the retirement board shall certify to the governor or governor-elect a statement of the percentage of the payroll of all members sufficient to fund all operating expenses of the Vermont state retirement system and all contributions of the state which will become due and payable during the next biennium. The contributions of the state shall be charged to the departmental appropriation from which members' salaries are paid and shall be included in each departmental budgetary request.

(e) [Repealed.]

(f) Contributions paid by state. Notwithstanding the provisions of subdivision (b)(2) of this section to the contrary and pursuant to the provisions of Section 414(h) of the Internal Revenue Code, the state shall pick up and pay the contributions required to be paid by members with respect to service rendered on and after March 1, 1998. Contributions picked up by the state shall be designated for all purposes as member contributions, except that they shall be treated as state contributions in determining tax treatment of a distribution. Each member's compensation shall be reduced by an amount equal to the amount picked up by the state. This reduction, however, shall not be used to determine annual earnable compensation for purposes of determining average final compensation. Contributions picked up under this subsection shall be credited to the annuity savings fund. To ensure that the provisions of this subsection are cost neutral to the state, the contributions rates established under section 473(b)(2) of this title shall be increased by one-tenth of one percent of compensation. (Added 1971, No. 231 (Adj. Sess.), § 4; amended 1981, No. 41, §§ 17-19, 39(1); 1989, No. 78, § 7; 1989, No. 277 (Adj. Sess.), §§ 17r, 17w(a), eff. Jan. 1, 1991; 1993, No. 33, § 5; 1997, No. 68 (Adj. Sess.), § 7, eff. March 1, 1998; No. 89 (Adj. Sess.), § 10; No. 89 (Adj. Sess.), § 13, eff. April 13, 1998; 1999, No. 158 (Adj. Sess.), § 19; 2003, No. 122 (Adj. Sess.), § 297h.)

§ 473a. Periodic actuarial reports

The board shall cause to be made an actuarial reevaluation of the rate of member contributions deducted from earnable compensation pursuant to subdivision 473(b)(2) of this title, on a periodic basis at least every three years, to determine whether the amount deducted is necessary to make the contributions picked up and paid by the state for such members cost neutral to the general fund. The actuarial reevaluation shall consider all relevant factors, including federal tax law changes. The board shall report the results of the actuarial reevaluation to the general assembly together with any recommendations for adjustment in the members' contribution rate under subdivision 473(b)(2). (Added 1997, No. 68 (Adj. Sess.), § 8, eff. March 1, 1998.)

<i>Retirement July 1, 2004</i>	VERMONT STATE EMPLOYEES			
GROUP	Group A	Group C	Group D	Group F
	Old Plan	Law enforcement & public safety	Judicial	Post 1/1/1991 (represents about 95%)

Employee Contributions	5.10% of gross salary	6.28% of gross salary	5.10% of gross salary	2.85% of gross salary
Employer Contributions	9.9% of gross salary for FY05*	9.9% of gross salary for FY05*	9.9% of gross salary for FY05*	9.9% of gross salary for FY05*
Benefit Formula	1.67% x creditable service	2.5% x creditable service	3.33% x creditable service (after 12 years in Group D Plan)	1.25% x service prior to 12/31/90 1.67 % x service after 1/1/91
Maximum Benefit Payable	100% of AFC	50% of AFC	100% of final salary	50% of AFC
AFC (Average Final Compensation)	Highest 3 consecutive years, including unused annual leave payoff	Highest 2 consecutive years, including unused annual leave payoff	Final salary at retirement	Highest 3 consecutive years, excluding unused annual leave payoff
Normal Retirement (unreduced pension)	Age 65, or age 62 with 20 yrs.	Age 55 (Mandatory)	Age 62	Age 62 or 30 years of service
Post-Retirement Cost -of-living allowance	Full CPI up to maximum of 5% after 12 months of retirement	Full CPI up to maximum of 5% after 12 months of retirement	Full CPI up to maximum of 5% after 12 months of retirement	1/2 CPI up to maximum of 5% after reaching age 62
Early Retirement Eligibility	Age 55 with 5 years of service or 30 years at any age	Age 50 with 20 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Early Retirement Reduction **	Actuarially reduced benefit if under 30 years of service	No reduction	3% per year from age 62	6% per year from age 62
Post-retirement Survivorship Options	100% and 50%, and 100% and 50% Pop-ups, all actuarially reduced based on age of beneficiary	Automatic 70% spousal survivorship with no reduction in retiree's benefit	100% and 50%, and 100% and 50% Pop-ups, all actuarially reduced based on age of beneficiary	100% and 50%, and 100% and 50% Pop-ups, all actuarially reduced based on age of beneficiary
Vested Rights	5 years of service	5 years of service	5 years of service	5 years of service
Disability	5 years of service	5 years of service	5 years of service	5 years of service
Death-in-Service	20 years of service, or age 55 with 5 years	20 years of service	12 years of service, or age 55 with 5 years of service	20 years of service or age 55 with 5 years of service
Disability Benefit	Unreduced accrued benefit, with minimum of 25% of AFC	Unreduced accrued benefit, with minimum of 25% of AFC, plus children's benefit representing 10% of AFC to	Unreduced accrued benefit, with minimum of 25% of AFC	Unreduced accrued benefit, with minimum of 25% of AFC

		maximum of 3 concurrently		
Death-in-Service Benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied	70% of accrued benefit with no actuarial reduction applied, plus children's benefits as outlined above	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied
Medical Benefits	80% of total premium	80% of total premium	80% of total premium	80% of total premium

* Includes reimbursement of operating expenses.

- ❖ Group A members cease contributions upon attainment of 25 years of service
- ❖ Group A and F facility employees in the department of corrections who have 20 years of service can retire at age 55 with no reduction
- ❖ Employees of the department of fish and wildlife assigned to law enforcement duties and employees of the military department assigned to airport firefighting duties can retire at age 55 with no reduction.

VSTRS State Statutes and Data

TITLE 16 V.S.A . VERMONT STATE TEACHERS' RETIREMENT SYSTEM
Chapter 55

§ 1944. Funds

(a) List of funds. All of the assets of the system shall be credited, according to the purpose for which they are held, among five funds, namely, the annuity savings fund, the pension accumulation fund, the annuity reserve fund, the pension reserve fund and the expense fund.

(b) Annuity savings funds.

(1) The annuity savings fund shall be the fund in which shall be accumulated the contributions deducted from the compensation of members.

(2) The proper authority or officer responsible for making up the payroll shall cause to be deducted from the compensation of each group A member five and one-half percent of the member's earnable compensation and from each group C member three and four-tenths percent of the member's earnable compensation, including compensation paid for absence as provided by section 1933(d) of this title. In determining the amount earnable by a member in a payroll period, the board may consider the rate of compensation payable to such member on the first day of a payroll period as continuing throughout the payroll period, and it may omit deduction from compensation for any period less than a full payroll period if a teacher 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 shall not exceed

one-tenth of one percent of the annual earnable compensation upon the basis of which such deduction is made.

(3) The deductions provided for herein shall be made notwithstanding that the minimum compensation provided for by law for any member shall be reduced thereby. Every group A and group C member shall be deemed to consent and agree to the deductions made and provided for herein, and shall receipt for the member's full salary or compensation, and payment of salary or compensation less such deduction shall be a full and complete discharge and acquittance of all claims and demands whatsoever for the services rendered by such person during the period covered by such payment, except as to the benefits provided under this chapter.

(4) The proper authority or officer responsible for making up the payroll shall certify to the board the amounts deducted on each and every payroll, and each of such amounts shall be paid into the annuity savings fund and credited to the individual account of the member from whose compensation the deduction was made.

(5) In addition to the contributions deducted from the compensation of a group A or group C member as hereinbefore provided, subject to the approval of the board, any group A or group C member may redeposit in the annuity savings fund by a single payment or by an increased rate of contribution an amount equal to the total amount which the member previously withdrew therefrom as provided in this chapter, or any part thereof; or any member may, subject to the approval of the board and such conditions as the board may prescribe, deposit therein by a single payment or by an increased rate of contribution an amount computed to be sufficient to purchase an additional annuity, which together with the member's prospective retirement allowance, will provide for a group A member a total retirement allowance not to exceed one-half of the member's average final compensation at age sixty or for a group C member, a total retirement allowance not to exceed one-half of the member's average final compensation at age sixty-two. In addition to contributions hereinbefore provided, any group A or group C member may make further contributions at a rate not to exceed five percent of the member's earnable compensation. Interest at such rates as may be set from time to time by the board shall be allowed on such contributions and shall be used in determining the benefits payable from such contributions. In other respects such additional amounts so deposited shall become a part of the member's accumulated contributions.

(6) Any group A member who has rendered service outside the state in the capacity of a teacher as herein defined and as approved by the board, or who was a teacher in Vermont on July 1, 1947 and elected not to join the system but who has subsequently joined, may:

(A) Elect to have included in the member's creditable service all or part of any period of service outside the state. Any group A member who so elects shall deposit in the annuity savings fund by a single contribution an amount computed at regular interest to be sufficient to provide at age sixty an annuity equal to one-one hundred and twentieth of the member's average final compensation multiplied by the number of years of the service rendered outside the state for which the member elects to receive credit. No application may be accepted for the purchase of credit for service outside the state, however, if at the time of application the member has a vested right to retirement benefits in another retirement system based upon that service;

(B) Elect to have included in the member's creditable service all or part of any service with which the member was credited immediately prior to any refund of the member's accumulated contributions, including prior service, as defined in section 1931 of this title, which shall be restored upon full restoration of previous membership service as provided herein. Any group A member who so elects shall deposit in the annuity savings fund by a single contribution an amount equal to the amount of accumulated contributions previously withdrawn together with regular interest thereon from the date of the refund to the date of repayment, or a proportionate part of that amount if less than the full period of

previous service is to be included in the member's creditable service. If a member has received a refund of the member's accumulated contributions more than once, the member may elect the period or periods of previous service on account of which the member will make contributions under this subdivision (b)(6) subject to the aforesaid limitation. Any group A member who elects to repay any amount previously refunded shall continue thereafter to contribute to the system the proportion of earnable compensation determined on the basis of the member's age on the date on which the member shall have last become a member.

(C) Elect to have included in the member's creditable service those years of teaching in Vermont rendered between July 1, 1947 and July 1, 1972 for which no contributions to the system have been made. Any group A member who so elects shall deposit in the annuity savings fund by a single contribution an amount computed at regular interest to be sufficient to provide at age sixty an annuity equal to one-one hundred and twentieth of the member's average final compensation multiplied by the number of years of service for which the member elects to receive credit.

(7) The contributions of a member, and such interest as may be allowed thereon, paid upon the member's death or withdrawn by the member as provided in this chapter, shall be paid from the annuity savings fund, and any balance of the accumulated contributions of such a member shall be transferred to the pension accumulation fund. Upon the retirement of a member, the member's accumulated contributions shall be transferred from the annuity savings fund to the annuity reserve fund.

(8) Any group A or group C member who has rendered 15 years of creditable teaching service and who has, prior to becoming a member of the system, served a minimum of one full year of full-time service in the military, one full year of full-time service as a member of the Cadet Nurse Corps in World War II, the Peace Corps or VISTA for which the member has derived no military or other pension benefits, may elect to have included in the member's creditable service all or any part of the member's military or Cadet Nurse Corps or Peace Corps or VISTA service not exceeding five years. Any group A member who elects credit under this subdivision shall deposit in the annuity savings fund by a single contribution an amount computed at regular interest to be sufficient to provide at age 60 an annuity equal to one-one hundred and twentieth of the member's average final compensation multiplied by the number of years of he service rendered for which the member elects to receive credit. Any group A member who elects credit for service in the Cadet Nurse Corps under this subdivision and any group C member who elects credit under this subdivision shall deposit in the annuity savings fund by a single contribution an amount computed at regular interest to be sufficient to provide at normal retirement an annuity equal to 1-2/3 percent of the member's average final compensation multiplied by the number of years of the service for which the member elects to receive credit. Notwithstanding the provisions of this subdivision, any group C member who was a group B member and any group A member shall, upon application, be granted up to three years of credit for military service during the periods June 25, 1950 through January 31, 1955 and August 5, 1964 through May 7, 1975 and shall not be required to make a contribution, provided the member has rendered 15 years of creditable teaching service and prior to becoming a member served a minimum of one full year of full-time service in the military for which he or she has derived no military pension benefits. Notwithstanding the foregoing, in the event of a conflict between the provisions of this subsection and the provisions of 10 U.S.C. § 12736 concerning the counting of the same full-time military service toward both military and state pensions, the provisions of the United States Code shall control.

(9) Contributions required under this subsection shall be limited to contributions from group A and group C members.

(10) [Repealed.]

(11) Any group A or group C member who rendered service in the capacity of a teacher, as defined by the board, in an approved public or independent school which was not a part of the system may elect to have

included in the member's creditable service, all or part of any period of service in such approved school. Any member who so elects shall deposit in the annuity savings fund by a single contribution an amount computed at regular interest to be sufficient to provide at normal retirement an annuity equal to 1-2/3 percent of the member's average compensation multiplied by the number of years of service for which the member elects to receive credit. No application for credit under this subdivision shall be granted if at the time of application, the member has a vested right to retirement benefits in another retirement system based upon that service.

(12) Any group A or group C member may elect to have included in the member's creditable service, years of service during which the member exercised his or her option not to be a member of the system. Any member who so elects shall deposit in the annuity savings fund by a single contribution an amount computed at regular interest to be sufficient to provide at normal retirement an annuity equal to 1-2/3 percent of the member's average compensation multiplied by the number of years of service for which the member elects to receive credit.

(13) Any group A or group C member may elect to have included in the member's creditable service all or any part of the member's service in the capacity of a teacher in a school which was a part of the system for which the member has no credit. Any member who so elects shall deposit in the annuity savings fund by a single contribution an amount computed at regular interest to be sufficient to provide at normal retirement an annuity equal to 1-2/3 percent of the member's average final compensation multiplied by the number of years of the service for which the member elects to receive credit.

(14) Any group C member may elect to increase his or her retirement allowance for years of service as a group B member prior to July 1, 1990 from 1-1/4 percent of average final compensation to 1-2/3 percent of average final compensation. A member making an election under this subdivision shall deposit in the annuity savings fund by a single contribution an amount computed at regular interest to be sufficient to provide at normal retirement an annuity equal to 1-2/3 percent of the member's average final compensation multiplied by the number of years of service for which the member elects to increase his or her retirement allowance.

(15) Notwithstanding any provision to the contrary and except for military credit elected under subdivision (8) of this subsection, a member may not elect more than a total of 10 years of creditable service under the provisions of this subsection.

(16) Except as provided in subdivision (5) of this subsection, any time a member is required to make a single contribution in connection with an election under this subsection, a member may, with the approval of the board, contribute in installments of equal value or apply contributions previously made under subdivision (5) of this subsection toward the purchase of service. Those contributions shall become a part of the member's accumulated contribution and shall be treated for all purposes in the same manner as the contributions made under subdivision (b)(2) of this section. Any member who retires before completing payment as approved by the board for the purchase of service under subdivisions (6) through (13) of this subsection shall receive pro rata credit for service purchased before the date of retirement, but if the member so elects at the time of retirement, the member may pay as much in a single sum as is necessary to provide full credit at that time.

(17) Any member may elect to have included in the member's creditable service, years of service as a state or municipal employee. Any member who so elects shall deposit in the annuity savings fund by a single contribution an amount computed at regular interest to be sufficient to provide at normal retirement an annuity equal to 1-2/3 percent of the member's average compensation multiplied by the number of years of service for which the member elects to receive credit. No application for credit under this subdivision shall be granted if at the time of application, the member has a vested right to retirement benefits in another retirement system based upon that service.

(c) Pension accumulation fund.

(1) The pension accumulation fund shall be the fund in which shall be accumulated all reserves for the payment for all pensions and other benefits, including all interest and dividends earned on the funds of the retirement system, and from which shall be paid all benefits payable under the system other than those payable from the annuity savings fund. Annually, the retirement board shall allow regular interest on the individual accounts of members in the annuity savings fund, and shall transfer such amounts from the pension accumulation fund.

(2) Beginning with the actuarial valuation as of June 30, 1982, the contributions to be made to the pension accumulation fund by the state shall be determined on the basis of the actuarial cost method known as "entry age normal cost with frozen initial liability." On account of each member there shall be paid annually by the state into the pension accumulation fund a percentage of the earnable compensation of each member to be known as the "normal contribution" and an additional percentage of his earnable compensation to be known as the "accrued liability contribution." The rates percent of such contributions shall be fixed on the basis of the liabilities of the system as shown by actuarial valuation.

(3) The normal contribution shall be the uniform percentage of the total compensation of members which, if contributed over each member's prospective period of service and added to such member's prospective contributions, if any, will be sufficient to provide for the payment of all future benefits after subtracting the sum of the unfunded accrued liability and the total assets of the funds of the retirement system.

(4) The unfunded accrued liability determined by actuarial valuation as of June 30, 1988 shall be amortized over a period of 30 years beginning July 1, 1988 in accordance with the provisions of this section. Subject to the approval of the retirement board, the amount of unfunded accrued liability may be adjusted after 1988 to take account of changes in the actuarial assumptions used in annual valuations.

(5) Until the unfunded accrued liability is liquidated, the accrued liability contribution shall be the annual payment required to liquidate the unfunded accrued liability over a period of 30 years from July 1, 1982, provided that the amount of each annual accrued liability contribution after June 30, 1982 shall be five percent greater than the preceding annual accrued liability contribution.

(6)-(11) [Repealed.]

(12) Payment of a portion of the cost of health and medical benefits provided by subsection 1942(p) of this title for retired members shall be made from the pension accumulation fund. The board shall pay up to the amount determined by the board to be equal to 80 percent (80%) of the cost of the applicable standard plan for retired members provided they had ten years of creditable service at the time of their retirement. The board shall pay an equal dollar amount for eligible retirees regardless of the plan selected. All eligible retirees may select health plan coverage from a range of plans approved by the board. Retired members may authorize deductions to be made from their monthly retirement allowance for the balance of the cost of such benefits for the retired members and their dependents. The board shall determine annually that part of the cost of the applicable standard plan in excess of 50 percent (50 percent) of the cost for retirees, allocate 41 and one-half percent (41.5 percent) of that amount to active members, and adjust the members' contribution rate accordingly. Periodically, the board shall approve the following:

(A) a standard plan for retirees who are not yet eligible for Medicare, which plan shall provide first dollar coverage for subscribers;

(B) a standard plan for retirees who are eligible for Medicare, which plan shall provide first dollar coverage for subscribers;

(C) a range of plans that may be selected by retirees, including the standard applicable plans;

(D) for fiscal year 2002, the applicable standard plan shall not exceed the cost of the \$250.00 comprehensive plan offered by the board;

(E) for fiscal year 2003, the applicable standard plan shall not exceed the cost of the \$250.00 comprehensive plan offered by the board; and

(F) for fiscal years 2004 and thereafter, the cost of the applicable standard plan determined under this subsection shall not exceed the cost of the \$250.00 comprehensive plan offered in fiscal year 2003, adjusted for the appropriate fiscal year. In the event of the discontinuance of the \$250.00 comprehensive plan, a plan with a comparable expenditure profile shall be used as a benchmark.

(d), (e) [Repealed.]

(f) Expense fund. The expense fund shall be the fund to which shall be credited all money to pay the administration expenses of the system, and from which shall be paid all the expenses necessary in connection with the administration and operation of the system.

(g)(1) Collection of contributions. The proper authority or officer responsible for making up the payroll shall draw his warrant, at such intervals as may be agreed upon with the board but at least semiannually, payable to the system for all contributions deducted from the compensation of members, and shall transmit the same to the board, together with such schedule of the contributions included therein as the board may require.

(2) The board shall certify to the governor-elect, as required by section 301 of Title 32, an estimate of the contributions of the state which will become due and payable during the two years next following to meet the requirements of each of the funds of the system including the expense fund, and shall certify the percentage of payroll of all members which is equivalent to such amount. The amounts so certified shall be included in the budget submitted to the general assembly. When appropriated, the commissioner of finance and management shall issue his warrant in favor of the system for the amount certified by the board to be necessary to carry out the provisions of this section.

(h) Notwithstanding the provisions of subdivision 1944(b)(2) of this title to the contrary and pursuant to the provisions of section 414(h) of the Internal Revenue Code, the state or political subdivisions employing such members shall pick up and pay the contributions required to be paid by group A and group C members with respect to service rendered on and after July 1, 1992. Contributions picked up by the state or political subdivisions employing such members shall be designated for all purposes as member contribution, except that they shall be treated as state contributions in determining tax treatment of a distribution. Each member's compensation shall be reduced by an amount equal to the amount picked up by the state or political subdivisions employing such members. This reduction, however, shall not be used to determine annual earnable compensation for purposes of determining average final compensation. Contributions picked up under this subdivision shall be credited to the annuity savings fund. (Amended 1959, No. 42, §§ 1, 2; No. 72, §§ 4, 5, eff. April 1, 1959; 1959 (Adj. Sess.), No. 328, § 8(b); 1963, No. 182, § 3; 1971, No. 187 (Adj. Sess.); No. 233 (Adj. Sess.), §§ 2-4; 1973, No. 141 (Adj. Sess.), § 7; 1975, No. 175 (Adj. Sess.), § 3; 1977, No. 53, §§ 2, 4, eff. April 23, 1977; 1977, No. 247 (Adj. Sess.), §§ 191-193, 195; 1981, No. 41, §§ 31-34, 39(3); 1983, No. 149 (Adj. Sess.), § 1; No. 195 (Adj. Sess.), § 5(b); 1989, No. 78, §§ 8, 9; 1989, No. 169 (Adj. Sess.), § 7; 1991, No. 24, § 11; 1991, No. 247 (Adj. Sess.), §§ 1-4; 1993, No. 49, §§ 24, 25, eff. May 28, 1993; 1995, No. 36, § 7; 1995, No. 178 (Adj. Sess.), § 179a; 1999, No. 53, §§ 7, 7a; 1999, No. 158 (Adj. Sess.), § 5; 2001, No. 29, § 6; No. 63, § 175; 2001, No. 142 (Adj. Sess.), § 206; 2003, No. 122 (Adj. Sess.), § 297f.)

§ 1944a. Periodic actuarial reports

The board shall cause to be made an actuarial reevaluation of the rate of member contributions deducted from earnable compensation pursuant to section 1944(b)(2) of this title, on a periodic basis at least every three years, to determine whether the amount deducted is necessary to make the contributions picked up and paid by the state for such members cost neutral to the general fund. The actuarial re-evaluation shall consider all relevant factors including federal tax law changes. The board shall report the results of the actuarial reevaluation to the general assembly together with any recommendations for adjustment in the members' contribution rate under section 1944(b)(2). (Added 1991, No. 247 (Adj. Sess.), § 6.)

<i>Retirement July 1, 2004</i>	VERMONT STATE TEACHERS	
GROUP	Group A	Group C
	Old Plan	Post 7/1/90 (represents about 95%)
Employee Contributions	5.5% of gross salary	3.54% of gross salary
Employer Contributions	4.48% of gross salary for FY05*	4.48% of gross salary for FY05*
Benefit Formula	1.67% x creditable service	1.25% x creditable service prior to 6/30/90 1.67% x creditable service after 7/1/90
Maximum Benefit Payable	100% of AFC	50% of AFC
AFC (Average Final Compensation)	Highest 3 consecutive years, including unused annual leave, sick leave and bonus/incentives	Highest 3 consecutive years, excluding all payments for anything other than service actually performed
Normal Retirement (unreduced pension)	Age 60, or 30 years of service	Age 62, (w/5 yrs for hires after 7/1/04) or 30 years of service
Post-Retirement Cost -of-living allowance	Full CPI up to maximum of 5% after 12 months of retirement	1/2 CPI up to maximum of 5% after 12 months of retirement w/30 years
Early Retirement Eligibility	Age 55 with 10 years of service	Age 55 with 10 years of service
Early Retirement Reduction **	Actuarial reduction	6% per year from age 62
Post-retirement Survivorship Options	100%, 75%, and 50%, and 100%, 75%, and 50% Pop-ups, all actuarially reduced based on age of beneficiary	100%, 75%, and 50%, and 100%, 75%, and 50% Pop-ups, all actuarially reduced based on age of beneficiary
Benefit Eligibility - Other		
Vested Rights	10 years of service	10 years of service
Disability	10 years of service	10 years of service
Death-in-Service	20 years of service or age 55 with 10 years	20 years of service or age 55 with 10 years
Disability Benefit	Unreduced accrued benefit, with a minimum of 25% of AFC	Unreduced accrued benefit, with a minimum of 25% of AFC
Death-in-Service Benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied, plus children's benefits up to maximum of three	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied, plus children's benefits up to maximum of three concurrently

	concurrently	
Medical Benefits	50% of retiree's premium	50% of retiree's premium

* **Actual contribution, not actuarially recommended.**

❖ Group A members cease contributions upon attainment of 25 years of service

VMERS State Statutes and Data

TITLE 24 V.S.A. VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
Chapter 125

§ 5062. Retirement board; medical board; actuary; rates of contribution; safekeeping of securities

(a) The general administration and responsibility for the proper operation of the retirement system and for making effective the provisions of this chapter are hereby vested in a board of five trustees, known as the retirement board. The board shall consist of the representative designated by the governor, the state treasurer, and two municipal employees and one municipal official elected by the membership of the system.

(b) All trustees shall be entitled to the necessary expenses, including traveling expenses, incurred in the discharge of their duties. All trustees shall be entitled to receive a per diem as provided in 32 V.S.A. § 1010 except a trustee who is a state or municipal employee; provided that a trustee who is a municipal employee shall be entitled to the per diem when the trustee's compensation from the municipality is reduced as result of the performance of his or her official duties, or the trustee's official duties are performed on his or her personal time. Compensation or reimbursements under this subsection shall be from the funds of the retirement system.

(c) Each trustee shall be entitled to one vote in the retirement board. Three trustees shall constitute a quorum for the transaction of any business. A majority vote of those present and voting shall be necessary for any resolution or action by the retirement board at any meeting of the board. All trustees shall be notified of any meeting of the board. The state treasurer may designate in writing a person within the state treasurer's office to attend a meeting or meetings of the retirement board in the state treasurer's place. The designation shall be filed with the secretary of the board. A person so designated shall have the same voting rights and responsibilities as the state treasurer at such meeting or meetings except that the designee shall not automatically assume the treasurer's place as an officer of the board.

(d) Subject to the limitations of this chapter, the retirement board shall, from time to time, establish rules and regulations for the administration of the funds of the retirement system and for the transaction of its business.

(e) The retirement board shall elect from its membership a chairman and shall appoint a secretary who may be, but need not be, one of the trustees. It shall engage such medical, actuarial, and other services as shall be required to transact the business of the retirement system. The compensation of all persons engaged by the retirement board, and all other expenses of the board necessary for the operation of the retirement system, shall be paid at such rates and in such amounts as the board shall approve.

- (f) The retirement board shall keep in convenient form such data as shall be necessary for actuarial valuation of the funds of the retirement system, and for checking the experience of the system.
- (g) The retirement board shall keep a record of all its proceedings, which shall be open to public inspection. It shall publish annually a report showing the fiscal transactions of the retirement system for the preceding fiscal year, the amount of the accumulated cash and securities of the system, and the last balance sheet showing the financial condition of the retirement system by means of an actuarial valuation of the assets and liabilities of the system.
- (h) The attorney general of the state shall be legal advisor to the retirement board.
- (i) The retirement board shall designate a medical board to be composed of three physicians not eligible to participate in the retirement system. If required, other physicians may be employed to report on special cases. The medical board shall arrange for and pass upon all medical examinations required under the provisions of this chapter, shall investigate all essential statements and certificates by or on behalf of a member in connection with an application for disability retirement, and shall report in writing to the retirement board of its conclusions and recommendations upon all matters referred to it.
- (j) The retirement board shall designate an actuary who shall be the technical advisor of the board on matters regarding the operation of the funds of the retirement system, and shall perform such other duties as are required in connection therewith.
- (k) Immediately after the establishment of the retirement system, the retirement board shall adopt for the retirement system such mortality and service tables as shall be deemed necessary and shall certify the rates of contribution payable under the provisions of this chapter. At least once in each five year period following the establishment of the system, the actuary shall make an actuarial investigation into the mortality, service and compensation experience of the members and beneficiaries of the retirement system, and taking into account the results of such investigation, the retirement board shall adopt for the retirement system such mortality, service and other tables as shall be deemed necessary and shall certify the rates of contribution payable under the provisions of this chapter.
- (l) On the basis of such mortality and service tables as the retirement board shall adopt, the actuary shall make annual valuations of the assets and liabilities of the funds of the retirement system.
- (m) The retirement board shall designate from time to time a depository for the securities and evidences of indebtedness held in the various funds of the system and may contract for the safekeeping of securities and evidences of indebtedness within and without the state of Vermont in such banks, trust companies and safe-deposit facilities as it shall from time to time determine. The necessary and incidental expenses of such safekeeping and for service rendered, including advisory services in investment matters shall be paid from the operation expenses of the system as hereinafter provided. Any agreement for the safekeeping of securities or evidences of indebtedness shall provide for the access to such securities and evidences of indebtedness, except securities loaned pursuant to a securities lending agreement as authorized by subsection (o) of this section, at any time by the custodian or any authorized agent of the state for audit or other purposes.
- (n) The board shall determine the election procedures by which the two municipal employees and one municipal official who are members of the board are elected. Elections shall be held to take effect on July 1, 1978 and triennially thereafter for the first municipal employee's seat; on July 1, 1979 and triennially thereafter for the municipal official's seat; and on July 1, 1980 and triennially thereafter for the second municipal employee's seat. The term in office for each elected member of the board shall be three years. Vacancies of an elected board member's seat in midterm shall be filled by a person designated by the remaining members of the board.

(o) The retirement board may authorize the loan of its securities pursuant to securities lending agreements that provide for collateral consisting of cash or securities issued or guaranteed by the United States government or its agencies equal to 100 percent or more of the market value of the loaned securities. Cash collateral may be invested by the lending institution in funds approved by the state treasurer. Approval of funds shall be made in accordance with the standard of care established by the prudent investor rule under chapter 147 of Title 7. (Added 1973, No. 251 (Adj. Sess.), § 3; amended 1977, No. 205 (Adj. Sess.), § 3; 1985, No. 223 (Adj. Sess.); 1987, No. 92, § 5, eff. June 23, 1987; 1991, No. 151 (Adj. Sess.), §§ 5, 6; 1995, No. 36, § 9; 1999, No. 158 (Adj. Sess.), § 25.)

§ 5063. Investments; interest rate; disbursements

(a) The members of the retirement board shall be the trustees of the funds created by this subchapter, and with respect to them may invest and reinvest the funds, and hold, purchase, sell, assign, transfer and dispose of the securities and investments in which the funds have been invested and reinvested. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived.

(b) From time to time, the retirement board shall set the rate or rates of regular interest at such percent rate compounded annually as shall be determined by the board, such rate to be limited to a minimum of three percent and a maximum of five percent.

(c) The state treasurer shall be the custodian of the funds of the retirement system. All payments from such funds shall be made by him or by the deputy treasurer, with approval of the retirement board. A duly attested copy of a resolution of the retirement board designating such persons and bearing on its face specimen signatures of such persons shall be filed with the state treasurer as his authority for making payments upon such vouchers.

(d) [Repealed.]

(e) Except as otherwise herein provided, no trustee and no employee of the retirement board shall have any direct interest in the gains or profits of any investment made by the board, nor shall any trustee or employee of the board, directly or indirectly, for himself or as an agent, in any manner use the same except to make such current and necessary payments as are authorized by the board; nor shall any trustee or employee of the board become an endorser or surety, or in any manner an obligor, for monies loaned to or borrowed from the board. (Added 1973, No. 251 (Adj. Sess.), § 3; amended 1981, No. 41, § 37; 1985, No. 171 (Adj. Sess.), § 5, eff. May 7, 1986; 1987, No. 80, § 10, eff. June 9, 1987; 1995, No. 118 (Adj. Sess.), § 2.)

<i>Retirement July 1, 2004</i>	MUNICIPAL EMPLOYEES	**Employer Choice of Group Offered		
GROUP	Group A	Group B	Group C	Group D
	** Most	** Most	** Fewest members	New 7/1/99 Public Safety
Employee Contributions	2.5% of gross salary	4.5% of gross salary	9% of gross salary	11% of gross salary
Employer Contributions	4% of gross salary for FY 05	5% of gross salary for FY 05	6% of gross salary for FY 05	9.0% of gross salary

Benefit Formula	1.4% x creditable service x AFC	1.4% x creditable service x AFC - for Group A svc	1.4% x creditable service x AFC - for Group A svc	1.4% x creditable service x AFC - for Group A svc
		1.7% x creditable service X AFC (for Group B)	1.7% x (Group B) creditable service x AFC x (*ERF) 2.5% x (Group C) creditable service	1.7% x (Group B) creditable service x AFC x (*ERF) 2.5% x (Group D) creditable service
Maximum Benefit Payable	60% of AFC	60% of AFC	50% of AFC	50% of AFC
AFC (Average Final Compensation)	Highest 5 consecutive years	Highest 3 consecutive years	Highest 3 consecutive years	Highest 2 consecutive years
Normal Retirement (unreduced pension)	Age 65 with 5 years of service or 55 w/ 35 years of service	Age 62 with 5 years of service or 55 w/ 30 years of service	Age 55 with 5 years of service	Age 55 with 5 years of service
Post-Retirement Cost -of-living allowance	1/2 of CPI, up to 2% per year after reaching age 62	1/2 of CPI, up to 3% per year after reaching age 62	1/2 of CPI, up to 3% per year after reaching age 62	1/2 of CPI, up to 3% per year after reaching age 62
Early Retirement Eligibility	Age 55 with 5 years of service	Age 55 with 5 years of service	N/A	Age 50 with 20 years of service
Early Retirement Reduction	6% per year from age 65 *	6% per year from age 62 *	N/A	No reduction
Post-retirement Survivorship Options	100% and 50%, and 100% and 50% Pop-ups, all actuarially reduced based on age of beneficiary	100% and 50%, and 100% and 50% Pop-ups, all actuarially reduced based on age of beneficiary	100% and 50%, and 100% and 50% Pop-ups, all actuarially reduced based on age of beneficiary	Automatic 70% spousal survivorship with no reduction in retiree's benefit
Benefit Eligibility – Other				
Vested Rights	5 years of service	5 years of service	5 years of service	5 years of service
Disability	5 years of service	5 years of service	5 years of service	5 years of service
Death-in-Service	5 years of service	5 years of service	5 years of service	5 years of service
Disability Benefit	Unreduced accrued benefit	Unreduced accrued benefit	Unreduced accrued benefit	Unreduced accrued benefit, plus children's benefit representing 10% of AFC to maximum of 3 concurrently
Death-in-Service Benefit	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied	Disability benefit or early retirement benefit, whichever is greater, with 100% survivorship factor applied	70% of accrued benefit with no actuarial reduction applied, plus children's benefits as outlined above
Medical Benefits	N/A (\$30.00 mthly stipend reviewed annually)	N/A (\$30.00 mthly stipend reviewed annually)	N/A (\$30.00 mthly stipend reviewed annually)	N/A (\$30.00 mthly stipend reviewed annually)

- * **(ERF) Early Retirement Factor may be applicable to service earned in prior groups.**
- ❖ A special early retirement factor of 3% per year only for municipal police officers who have attained age 60.

- End RFP -