

Retiring *TIMES*

Vermont State Teachers' Retirement System

Legislative Session Update

The 2019 legislative session concluded in late May. Since 2007, the Treasurer's Office has worked collaboratively with the General Assembly and Administration to fully fund retirement obligations as recommended by the state's actuary. This year, in addition to exceeding the recommended contribution, steps were also taken to move toward a process of prefunding retiree post-employment benefits (OPEB).

The work began early in the session during the mid-year FY2019 budget adjustment process. Treasurer Pearce supported the Administration's proposal to apply surplus revenues to pay off an interfund loan that was part of a 2014 package of reforms to prefund retired teachers' healthcare benefits. The General Assembly advanced the proposal, applying \$22.2 million to repay the loan in full. An additional \$3.3 million was appropriated to the Teachers' Retirement Fund above the FY2019 amount, lowering long-term liabilities as the State continues its plan to retire the unfunded liability by 2038.

The FY2020 State budget fully funded the actuary's recommended annual contribution to the pension funds. All told, \$129 million was committed to Teachers' Retirement Fund. These dollars build upon the progress achieved last session in which more than \$36 million of funding was applied to the pensions, over and above the recommended contribution.

The Treasurer will continue to advocate for fiscal discipline as the State continues its path to pay off the unfunded liability by 2038. The collaborative process begun in 2008 is estimated to have saved over \$1.5 billion in reduced liabilities. These savings accrue to the benefit of retirees, the State, and taxpayers – a win-win for all involved.

REGISTER YOUR PRUDENTIAL ACCOUNT ONLINE

Are you a participant in one of the State of Vermont's supplemental retirement plans? The plans now administered by Prudential are the State Defined Contribution Plan, the Municipal Defined Contribution Plan, the 457b Deferred Compensation Plan, the Teachers' 403(b) Plan, the Municipal Retirees Health Savings Plan, and the Single Deposit Investment Account. Participate in the "Go Green" challenge and help us eliminate paper statements by registering your account online and enrolling in e-delivery. If you are a participant in one or more of these plans and have not registered to access your account online, you can register by visiting vermont.retirepru.com. Registering online will allow you to have immediate access to your account balance, investment allocations, and quarterly statements. If you have questions about your supplemental retirement plan, please contact Prudential at (877) RET-VERM.



Harris Re-elected Chair of Board of Trustees

At its June 13, 2019 meeting, the Vermont State Teachers' Retirement System Board of Trustees voted unanimously to re-elect Jon Harris as its Chairperson. Harris is a 20-year Board veteran who was elected Vice-Chair in 2001 and became Chair in 2007. Harris's penchant for public service is also evident in his long teaching career – the conclusion of the 2018-2019 school year marked his 41st year teaching at Mount Mansfield Union High School in Jericho.

Treasurer's Office and VSTRS Board Conduct Risk Assessment

The Treasurer's Office is working with employee groups, the administration, and the state's actuaries to study the state's pension plans to review the funds' exposure to market volatility and risk. Amongst other areas, the analysis will:

- Study discount rate volatility and its impact on funded status, employer contributions, and the unfunded liability using a set of market assumptions sourced from 30 different investment advisors.
- Review how different retirement incentives, or incentives to stay working longer, may affect the funded status of the plans, while analyzing the profile of new entrants to the system and their impact on the plans' funded status and employer contributions.
- Analyze the plan returns during historical periods of expansion, recession, recovery periods, and other economic cycles.
- This work unfolds as the Treasurer's Office and state partners take prudent steps to build reserves and manage long-term liabilities. The VSTRS Board will participate in the analysis. We will provide an update in a future edition of Retiring Times.



DIRECTOR'S CORNER

By Erika Wolffig

My name is Erika Wolffig and I am honored to be the new Director of Retirement Operations. I joined the Office of the Vermont State Treasurer in 2017 after working in public service for a number of years, including time as Chief of Staff to the Vermont Senate President Pro-Tempore, and Deputy Commissioner of the Vermont Department of Labor. I look forward to continuing my career in public service at the Retirement Office and serving the hard-working teacher, state and municipal employees of Vermont!