

VMERS Guidance: Payroll Reporting for Furloughed Employees due to COVID-19

The Retirement Office has received questions from municipalities and school districts that are reducing staff as a result of the COVID-19 pandemic. Please review the following guidance on how to report these employees and the impact an unpaid furlough will have on the employee's retirement account.

If a municipality or school district is furloughing an employee due to COVID-19, record those impacted employees as on "leave" in our employer reporting system. Employees on an unpaid leave will not continue to accrue service credit, however the leave category will keep the employee enrolled in VMERS. Per [24 V.S.A. § 5054\(c\)](#), the Board cannot grant service credit for a "period of absence without pay of more than a month's duration."

If an employee terminates from a participating entity, they have three years to return to employment with the same or another municipality/school district and resume service where they left off provided they do not withdraw their contributions from the system.

For those employees on a reduced schedule due to COVID-19, they will continue to be members of VMERS if they meet the required hours to be considered an employee. For year-round employees they must work at least 24 hours per week and 1,040 hours per year to be members of VMERS. For school year employees, they must work at least 30 hours per week and 1,040 hours per year. These requirements can be found in [24 V.S.A. § 5051 \(10\)](#).

If you have any questions about VMERS employer reporting please contact Jennifer Grace at the Retirement Office at Jennifer.Grace@vermont.gov.