ITEM 1: Agenda approval and announcements

On a motion made by Mr. Davis, seconded by Mr. Federico, the Board voted unanimously to approve the agenda for January 7, 2021.
On a motion made by Mr. Davis, seconded by Mr. Isabelle, the Board voted unanimously to approve the minutes of the December 10, 2020 as presented.

ITEM 3: Update from the Treasurer on Work with Stake-Holder Groups

Ms. Pearce explained a presentation outlining how the recent demographic and economic assumption changes adopted after the Experience Study has led to a significant increase in the unfunded actuarially accrued liability (UAAL) and the actuarially determined employer contribution (ADEC). The unfunded liability increased by $225 million over the 2019 valuation and the ADEC increased by $36 million over the prior valuation. The VSERS Board authorized the Treasurer to work with stakeholder groups to try and come up with benefit changes that would lower the unfunded liability and the ADEC to the previous FY21 projections.

Ms. Pearce explained the various options that were reviewed with the Vermont State Employees’ Association (VSEA) and the Vermont Troopers’ Association (VTA) and outlined 4 options that would meet or come close to meeting the $225 million and $36 million targets. Ms. Pearce stated that the 4th option in her presentation had the most consensus at this point but noted that the VSEA and VTA are still in conversations with their memberships and had not agreed to any proposal yet. The 4th option in the Treasurer’s presentation included a COLA threshold of $24,000 for all actives upon retirement, adds 2 years to the AFC calculation, moves all Group F members to a rule of 90 and increases the employee rate by 0.35%. This proposal would save $219.9 million on the unfunded liability and $33.2 million on the ADEC.

The Board discussed the various proposals and scenarios provided by the actuaries and provided feedback on the various scenarios. Some members expressed concern on the impact option 4 would have on those closest to retirement. Ms. Pearce stated she would finalize the draft report to the Legislature and Administration on potential plan changes in the next few days and would provide further update at the next meeting.

Ms. Pearce stated she had not responded to the Pew letter from the administration yet, but asked for Board input on a response. Members of the Board asked to see the letter for consideration at the next meeting on January 14th.

ITEM 4: Other Business and Public Comment

None.

ITEM 5: Adjournment

On a motion made by Ms. Pearce, seconded by Mr. Isabelle the Board voted unanimously to adjourn at 4:33 p.m.

Next Meeting Date:
The next regularly scheduled VSERS Board meeting is on January 14, 2021 at 9:00 a.m.

Respectfully submitted,

Erika Wolffing
Director of Retirement Operations