

Number 13.5 - RETIREMENT PLAN

Effective Date: March 1, 1996

Revised: May 15, 2002

Applicable To: All classified employees, with the Executive Branch of the State of Vermont.

Issued By: Department of Personnel

MEMBERSHIP

Membership in the Vermont State Employees' Retirement System is a condition of employment for any permanent, permanent part-time, exempt*, or elected officials who are State employees. Legislators and temporary employees are not eligible to be members of the system. A six (6) member board of trustees administers the plan. Three (3) of the members are elected by the membership of the Vermont State Employees' Association, Inc., and the other three (3) members are ex-officio (State Treasurer, Governor's Representative, and the Commissioner of Personnel). This plan is a defined benefit plan, which guarantees a specified benefit to an employee at retirement based on:

- AFC - the average of the three (3) highest consecutive years of compensation (eligible earnings);
- total years of service credit in the system; and
- age at retirement.

CONTRIBUTIONS

The contribution rate of the employee is as follows:

- 6.28% for Group C Members (State Police Hired after July, 1972).
- 5.10% for Group D Members (Judges, except Probate Judges hired after July 1, 1987).
- 3.35% for Group F Members (General Employees and Probate Judges hired after July 1, 1987).

The employer contribution is actuarially determined to provide the funding of plan benefits, in addition to the investment income earnings of the plan.

BENEFITS

Retirement benefits are not automatic; employees must apply for them. Sometime during the year in which employees plans to retire, they should contact the Retirement Division for an estimate and application materials.

- Group C: Mandatory retirement age 55. Early retirement age 50 with 20 years of service credit. Maximum benefit equal to 50% of AFC.
- Group D: Normal retirement age 62 with 5 years of service credit. Early retirement age 55 with 5 years of service credit. After 12 years of service in a capacity of a judge as defined above, the maximum benefit is equal to 100% of the salary at retirement with 30 years of service credit.
- Group F: Normal retirement age 62, or 30 years of credit regardless of age. Early retirement age 55 with 5 years of service credit. Maximum benefit equal to 50% of AFC.

Reduced or early retirement benefits are available if an employee is not normal retirement age. The early retirement benefit is based on the pro-ration of years in the system and the age at which retirement occurs. The retirement division calculates the early retirement factor based on the employee's individual record.

Disability Benefits - are available to an employee should the employee become permanently disabled or become disabled as a result of a job-related injury. Employees are encouraged to contact the State Retirement Division to obtain information regarding the benefit as well as the estimated pension payable should the disability be approved. Certain procedures and medical documentation are necessary in applying for this benefit. Inquiries are confidential.

Death-in-Service Benefits - are available if an active employee becomes deceased and qualifies for early retirement (age 55 with 5 years), or becomes deceased after 20 years of service credit, regardless of age. Job-related death benefits are also available. The benefit is calculated as though the employee retired on date of death (whether early or normal) and chose a survivorship benefit for his/her dependent beneficiary.

Termination of Employment - in lieu of a retirement benefit, if a member at termination is not vested, a refund of the member's contributions plus interest is payable. Refund of an account automatically nullifies a retirement benefit which would become payable

Retirement Options - when an employee begins planning for retirement, the Retirement Division will provide the appropriate estimate of benefits. Several benefit payments are available from the maximum benefit payable for the life of the employee, to several reduced benefit options which provide for the return of the member's contributions, or provide a continued (survivor) benefit for the lifetime of the beneficiary.

Health Insurance Benefits - may continue from active employment into retirement with the premium withheld from the monthly pension check.

Life Insurance - is provided in the form of a paid-up \$5,000 policy to an employee who leaves employment for immediate retirement and is covered by the life insurance at the time of the termination from State government. These employees must have completed 20 years of creditable service as outlined in 3 VSA §631(a)(2).

GENERAL INFORMATION

Taxes are withheld from the pension check as authorized by the employee. Direct or electronic deposits of the monthly check is available. Vermont State Employees' Credit Union withholdings may also be authorized from the retirement check.

Payment of the pension is monthly, payable on the last business day of each month for that month. Retirement can occur on the first of any month only. Employees are encouraged to work through the end of the month prior to the retirement date. For example, if you retire January 1, termination must occur no later than December 31.

Previous Vermont employment, certain military credit, employment in another state, public or private teacher service, and transfers between the Teacher's Retirement and Municipal Employees' Retirement System are a number of the ways in which a member may purchase or obtain credit. Certain military credit may be granted.

Employees are encouraged to contact the Retirement Division, 133 State Street, Montpelier, VT 05633-6200, telephone 802-828-2305, for specific information pertaining to their account or for personal planning. All benefits are subject to the interpretation and provisions of 3 VSA Chapter 16.

* DEFINED CONTRIBUTION PLAN

Exempt employees are given an irrevocable option to participate in a defined contribution plan rather than the defined benefit plan described above. Information about the defined contribution plan is distributed by the Retirement Division of the State Treasurer's office.

The defined contribution plan is a portable, self-managed plan that gives the employee control over investments. Employees in this plan are vested after 1 year and 11 months. The employee's bi-weekly contribution rate is 2.85%.