

1
2
3
4
5
6
7
8
9

10
11

12
13
14
15
16
17
18

H.304

Introduced by Representative Sweaney of Windsor

Referred to Committee on

Date:

Subject: Vermont State Retirement System; Vermont State Teachers'

Retirement System; Vermont Municipal Employees' Retirement

System; miscellaneous amendments

Statement of purpose of bill as introduced: This bill proposes miscellaneous
amendments to Vermont's retirement laws.

An act relating to making miscellaneous amendments to Vermont's
retirement laws

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 3 V.S.A. § 465(j) is added to read:

(j) The survivors of a member who dies after December 31, 2006 while
performing qualified military service shall be entitled to any additional
benefits, other than benefit accruals related to the period of qualified military
service, that would have been provided under the Plan had the member
resumed employment and then terminated employment on account of death.

1 Sec. 3. 3 V.S.A. § 477a is amended to read:

2 § 477a. ELECTIONS

3 (a) Any member who has rendered 15 years of creditable service and who
4 has, prior to becoming a member of the system, served a minimum of one full
5 year of full-time service in the military or one full year of full-time service as a
6 member of the Cadet Nurse Corps in World War II, the Peace Corps, ~~or~~
7 VISTA, or AmeriCorps VISTA for which the member has derived no military
8 pension benefits, may elect to have included in the member's creditable service
9 all or any part of the member's military, Cadet Nurse Corps, Peace Corps, ~~or~~
10 VISTA, or AmeriCorps VISTA service not exceeding five years. Any member
11 who so elects shall deposit in the ~~fund~~ Fund by a single contribution the
12 amount or amounts determined by the system's actuary to be cost neutral to the
13 system. Notwithstanding the provisions of this subsection, any member shall,
14 upon application, be granted up to three years of credit for military service
15 during the periods June 25, 1950, through January 31, 1955, February 28,
16 1961, through August 4, 1964, if service was performed in what is now the
17 Republic of Vietnam, and August 5, 1964, through May 7, 1975, and shall not
18 be required to make a contribution, provided the member has rendered 15 years
19 of creditable service and, prior to becoming a member, served a minimum of
20 one full year of full-time service in the military for which he or she has derived
21 no military pension benefits. The provisions of this subsection shall also be

1 available to ~~state~~ State employees who are not members of the classified
2 system and who elect to participate in the defined contribution retirement plan
3 under chapter 16A of this title. Notwithstanding the foregoing, in the event of
4 a conflict between the provisions of this subsection and the provisions of
5 10 U.S.C. § 12736 concerning the counting of the same full-time military
6 service toward both military and ~~state~~ State pensions, the provisions of the
7 United States Code shall control.

8 Sec. 4. 3 V.S.A. § 479 is amended to read:

9 § 479. GROUP INSURANCE

10 * * *

11 (f) There is created a medical account to be maintained under the
12 Retirement System pursuant to 26 U.S.C. § 401(h), which shall be used to pay
13 for health and medical benefits as the Board may arrange pursuant to this
14 section. Contributions to the account shall be reasonable and ascertainable.
15 The medical account shall be subordinate to the retirement benefits provided
16 by the Retirement System. It shall be impossible, at any time before
17 satisfaction of all liabilities to provide retiree medical benefits, for any part of
18 the corpus or income of the account to be used for, or diverted to, any purpose
19 other than providing health and medical benefits. All balances in the account
20 at the end of the fiscal year shall be carried forward, and interest earned shall
21 remain in the account. Notwithstanding the exclusive benefit rule of

1 subsection 472a(b) of this title, in the event of termination of the account on
2 satisfaction of all liabilities under the ~~plan~~ Plan to provide retiree medical
3 benefits, any assets remaining in the account shall be returned to the State of
4 Vermont. The aggregate actual contributions for medical benefits, when added
5 to the actual contributions for life insurance, if any, under the Plan, is limited
6 to 25 percent of the total actual contributions made to the Plan (other than
7 contributions to fund past service credits) after the date on which the Section
8 401(h) account is established.

9 * * *

10 Sec. 5. 16 V.S.A. § 1943a is amended to read:

11 § 1943a. COMPLIANCE WITH FEDERAL LAW

12 * * *

13 (i) Direct rollovers. An individual withdrawing a distribution from the
14 Retirement System that constitutes an “eligible rollover distribution” within the
15 meaning of 26 U.S.C. § 402, may elect, in the time and manner prescribed by
16 the Retirement Board and after receipt of proper notice, to have any portion of
17 the distribution paid directly to another plan that is qualified under 26 U.S.C.
18 § 401(a), to an annuity plan described in 26 U.S.C. § 403(a), to an annuity
19 contract described in 26 U.S.C. § 403(b), or to an eligible plan described in
20 26 U.S.C. § 457(b) that is maintained by a state, political subdivision of a state,
21 or any agency or instrumentality of a state or political subdivision of a state

1 and that agrees to account separately for amounts transferred into such plan, or
2 to an individual retirement account or annuity described in 26 U.S.C. § 408(a)
3 or (b), in a direct rollover. For distributions made after December 31, 2009, in
4 accordance with 26 U.S.C. § 402(c)(11), a nonspouse beneficiary who is a
5 designated beneficiary under 26 U.S.C. § 401(a)(9) may establish an
6 individual retirement account into which all or a portion of a death distribution
7 from the Retirement System to which such nonspouse beneficiary is entitled
8 can be transferred directly.

9 * * *

10 Sec. 6. 16 V.S.A. § 1940(b)(3) is added to read:

11 (3) The survivors of a member who dies after December 31, 2006, while
12 performing qualified military service shall be entitled to any additional
13 benefits, other than benefit accruals related to the period of qualified military
14 service, that would have been provided under the Plan had the member
15 resumed employment and then terminated employment on account of death.

16 Sec. 7. 16 V.S.A. § 1944 is amended to read:

17 § 1944. VERMONT TEACHERS' RETIREMENT FUND

18 * * *

19 (b) Member contributions.

20 * * *

1 (8) Any Group A or Group C member who has rendered 15 years of
2 creditable teaching service and who has, prior to becoming a member of the
3 System, served a minimum of one full year of full-time service in the military,
4 one full year of full-time service as a member of the Cadet Nurse Corps in
5 World War II, the Peace Corps, ~~or~~ VISTA, or AmeriCorps VISTA for which
6 the member has derived no military or other pension benefits, may elect to
7 have included in the member's creditable service all or any part of the
8 member's military ~~or~~, Cadet Nurse Corps ~~or~~, Peace Corps ~~or~~, VISTA, or
9 AmeriCorps VISTA service not exceeding five years. Any Group A member
10 who elects credit under this subdivision shall deposit in the Fund by a single
11 contribution an amount computed at regular interest to be sufficient to provide
12 at age 60 an annuity equal to one-120th of the member's average final
13 compensation multiplied by the number of years of the service rendered for
14 which the member elects to receive credit. Any Group A member who elects
15 credit for service in the Cadet Nurse Corps under this subdivision and any
16 Group C member who elects credit under this subdivision shall deposit in the
17 Fund by a single contribution an amount computed at regular interest to be
18 sufficient to provide at normal retirement an annuity equal to one and
19 two-thirds or two percent, whichever is applicable pursuant to section 1937 of
20 this title, of the member's average final compensation multiplied by the
21 number of years of the service for which the member elects to receive credit.

1 Notwithstanding the provisions of this subdivision, any Group C member who
2 was a Group B member and any Group A member shall, upon application, be
3 granted up to three years of credit for military service during the periods
4 June 25, 1950 through January 31, 1955, February 28, 1961 through August 4,
5 1964 if service was performed while in what is now the Republic of Vietnam,
6 and August 5, 1964 through May 7, 1975 and shall not be required to make a
7 contribution, provided the member has rendered 15 years of creditable teaching
8 service and prior to becoming a member served a minimum of one full year of
9 full-time service in the military for which he or she has derived no military
10 pension benefits. Notwithstanding the foregoing, in the event of a conflict
11 between the provisions of this subsection and the provisions of 10 U.S.C.
12 § 12736 concerning the counting of the same full-time military service toward
13 both military and State pensions, the provisions of the United States Code shall
14 control.

15 * * *

16 (i) There is created a medical account to be maintained under the
17 Retirement System pursuant to 26 U.S.C. § 401(h), which shall be used to pay
18 for health and medical benefits as the Board may arrange pursuant to
19 subsection 1942(p) of this title. Contributions to the account shall be
20 reasonable and ascertainable. The medical account shall be subordinate to the
21 retirement benefits provided by the Retirement System. It shall be impossible,

1 at any time before satisfaction of all liabilities to provide retiree medical
2 benefits, for any part of the corpus or income of the account to be used for, or
3 diverted to, any purpose other than providing health and medical benefits. All
4 balances in the account at the end of the fiscal year shall be carried forward,
5 and interest earned shall remain in the account. Notwithstanding the exclusive
6 benefit rule of subsection 1943a(b) of this title, in the event of termination of
7 the account on satisfaction of all liabilities under the plan to provide retiree
8 medical benefits, any amount remaining in the account shall be returned to the
9 State of Vermont. The aggregate actual contributions for medical benefits,
10 when added to the actual contributions for life insurance, if any, under the
11 Plan, are limited to 25 percent of the total actual contributions made to the Plan
12 (other than contributions to fund past service credits) after the date on which
13 the Section 401(h) account is established.

14 Sec. 8. 24 V.S.A. § 5054a(b) is amended to read:

15 (b) Any member who has rendered 15 years of creditable service and who
16 has, prior to becoming a member of the System, served a minimum of one full
17 year of full-time service in the military or one full year of full-time service as a
18 member of the Cadet Nurse Corps in World War II, the Peace Corps, ~~or~~
19 VISTA, or AmeriCorps VISTA for which the member has derived no military
20 pension benefits, may elect to have included in the member's creditable service
21 all or any part of the member's military, Cadet Nurse Corps, Peace Corps, ~~or~~

1 described in 26 U.S.C. § 408(a) or (b), in a direct rollover. For distributions
2 made after December 31, 2009 in accordance with 26 U.S.C. § 402(c)(11), a
3 nonspouse beneficiary who is a designated beneficiary under 26 U.S.C.
4 § 401(a)(9), may establish an individual retirement account into which all or a
5 portion of a death distribution from the Retirement System to which such
6 nonspouse beneficiary is entitled can be transferred directly.

7 (j) Compliance with the Uniformed Services Employment and
8 Reemployment Rights Act (USERRA). Notwithstanding any provision of law
9 to the contrary, contributions, benefits, and service credits with respect to
10 qualified military service shall be provided under the ~~system~~ System in
11 accordance with 26 U.S.C. § 414(u), unless State law provides more favorable
12 benefits than those required by federal law. The survivors of a member who
13 dies after December 31, 2006 while performing qualified military service shall
14 be entitled to any additional benefits, other than benefit accruals related to the
15 period of qualified military service, that would have been provided under the
16 Plan had the member resumed employment and then terminated employment
17 on account of death.

18 * * *

1 Sec. 10. VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM
2 RATES FOR FISCAL YEAR 2016

3 Notwithstanding the provisions of 24 V.S.A. § 5064(b), for the period
4 July 1, 2015 through June 30, 2016, contributions shall be made by Group A
5 members at the rate of 2.5 percent of earnable compensation, by Group B
6 members at the rate of 4.875 percent of earnable compensation, and by
7 Group D members at the rate of 11.350 percent of earnable compensation. For
8 the period July 1, 2015 through December 31, 2015, contributions shall be
9 made by Group C members at the rate of 9.875 percent of earnable
10 compensation, and for the period January 1, 2016 through June 30, 2016, at the
11 rate of 10.0 percent.

12 Sec. 11. EFFECTIVE DATE

13 This act shall take effect on July 1, 2015.