

Statement of the Issue

Adequate retirement benefits are vital to recruit a qualified workforce for the effective delivery of public services and to adequately compensate public employees for their service. The Vermont State Employees' Retirement System (VSERS) and the Vermont State Teachers' Retirement System (VSTRS) face challenges are on an unsustainable financial path. These include the level of employer contributions relative to the fiscal capacity of the State, as well as the predictability of expected contribution amounts. Additionally, the unfunded liability, which Neither system has enough assets today to cover the projected cost of retirement benefits they must pay out in the future, and the size of the shortfall has grown significantly in recent years, impacts the fiscal position of the State. Absent any changes, the cost to Vermont taxpayers of funding the systems are projected will continue to grow each year through the end of amortization period in 2038.

Commented [DE1]: Reflects Principle 1 and outlines why our work is important

Commented [DE2]: Reflects the conversation around the room. The intent is to be specific in terms of the issue, so that it can guide our work.

Commented [DE3]: As drafted, this reflects a concern about the unfunded liability, but also implies that anything less than 100% funded indicates an issue. The vast majority of plans are not fully funded and generally greater than 80% funded on a path to full funding. That being said, the amount of liabilities to pose challenges.

Commented [DE4]: The costs of the plans increasing is not a given, rather it will on the performance of the plans in a given year. Additionally, costs are projected to decline significantly at the end of the amortization period.