

## **VMERS – Employee Contributions language**

Purpose: In late 2020, the System’s actuaries determined that without increases in the combined employee and employer contribution rates over the four-year period beginning July 1, 2022, the fund would be projected to have a future crossover/depletion event. Under recent accounting standards promulgated by the Governmental Accounting Standards Board (GASB), this would cause VMERS to immediately experience a considerable increase in its unfunded liabilities, to be reflected in the financial statements of all participating entities.

To prevent this crossover event from happening, the VMERS Board, which is responsible for establishing the employer contribution rate, adopted a motion to increase the employer rates by .50% each year for the four-year period but that this increase would be offset by any increases in employee contributions, which are set by the Legislature in statute.

Historically, contribution rate increases have been split equally among employers and employees in VMERS. This collaborative “cost sharing” approach has been the basis of all proposed contribution increases for the past decade. There is broad consensus among VMERS and employee groups that this funding method should continue. Passage of the language proposed below would have the effect of increasing the employee contribution rates by 0.25% per year, with employers’ contribution rates increasing by the same amount.

### Sec. \_\_. VERMONT MUNICIPAL EMPLOYEES’ RETIREMENT SYSTEM RATES FOR FISCAL YEAR 2023

Notwithstanding the provisions of 24 V.S.A. § 5064(b), for the period July 1, 2022 through June 30, 2023, contributions shall be made by:

- (1) Group A members at the rate of 3.5 percent of earnable compensation;
- (2) Group B members at the rate of 5.875 percent of earnable compensation;
- (3) Group C members at the rate of 11.0 percent of earnable compensation; and
- (4) Group D members at the rate of 12.35 percent of earnable compensation.

### Sec. \_\_. VERMONT MUNICIPAL EMPLOYEES’ RETIREMENT SYSTEM RATES FOR FISCAL YEAR 2024

Notwithstanding the provisions of 24 V.S.A. § 5064(b), for the period July 1, 2023 through June 30, 2024, contributions shall be made by:

- (1) Group A members at the rate of 3.75 percent of earnable compensation;
- (2) Group B members at the rate of 6.125 percent of earnable compensation;
- (3) Group C members at the rate of 11.25 percent of earnable compensation; and
- (4) Group D members at the rate of 12.6 percent of earnable compensation.

Sec. \_\_. VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM RATES FOR FISCAL YEAR 2025

Notwithstanding the provisions of 24 V.S.A. § 5064(b), for the period July 1, 2024 through June 30, 2025, contributions shall be made by:

- (1) Group A members at the rate of 4.0 percent of earnable compensation;
- (2) Group B members at the rate of 6.375 percent of earnable compensation;
- (3) Group C members at the rate of 11.5 percent of earnable compensation; and
- (4) Group D members at the rate of 12.85 percent of earnable compensation.

Sec. \_\_. VERMONT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM RATES FOR FISCAL YEAR 2026

Notwithstanding the provisions of 24 V.S.A. § 5064(b), for the period July 1, 2025 through June 30, 2026, contributions shall be made by:

- (1) Group A members at the rate of 4.25 percent of earnable compensation;
- (2) Group B members at the rate of 6.625 percent of earnable compensation;
- (3) Group C members at the rate of 11.75 percent of earnable compensation; and
- (4) Group D members at the rate of 13.1 percent of earnable compensation.