

# ACT 114 – CHANGES TO VSTRS CONTRIBUTION RATES IN FY23

Vermont State Treasurer's Office  
June 10, 2022



# *VSTRS CONTRIBUTION RATES*

## ■ Current Rules

- Group A
  - Members contribute 5.5% of the member's earnable compensation.
  
- Group C
  - Members with at least five years of membership service as of 7/1/2014 contribute 5.0% of earnable compensation
  - Members with less than five years of membership service as of 7/1/2014 contribute 6.0% of earnable compensation

# VSTRS CONTRIBUTION RATES

## ■ New Rules

- Group A – No Change for this Group
- Group C – Change to a banded structure
  - Contribution rates are no longer based on date of hire. Instead, they are based on the member's **Base Salary** as of 7/1/2022, and are as follows:

■ At or below \$40,000.00	6.00%
■ \$40,000.01 to \$50,000.00	6.05%
■ \$50,000.01 to \$60,000.00	6.10%
■ \$60,000.01 to \$70,000.00	6.20%
■ \$70,000.01 to \$80,000.00	6.25%
■ \$80,000.01 to \$90,000.00	6.35%
■ \$90,000.01 to \$100,000.00	6.50%
■ \$100,000.01 or more	6.65%

# VSTRS CONTRIBUTION RATES

## ■ New Rules (continued)

- **Base salary** means the full amount of reportable compensation that the member will earn as of July 1. It includes the member's contract salary as of July 1, including any stipends that the teacher is under contract for as of July 1. It does not include non-reportable amounts (e.g., payment in lieu of health insurance) and amounts not known as of July 1.
  - The sole purpose of the Base Salary is to establish the Contribution Rate for the fiscal year
- **Contribution Rates** are applied to all reportable compensation received in the fiscal year, regardless of whether that amount ends up being more or less than the July 1 Base Salary.
  - Contribution rates do not change throughout the year... they are locked in as of July 1.
- **Part-time employees** – the contribution rate is based on actual Base Salary, not an annualized amount.
- **Part-time with multiple System employers** – the contribution rate is based on the sum of the Base Salaries for each employer.

# VSTRS CONTRIBUTION RATES

## ■ Answers to VASBO Questions

- “Definition of Base Pay-It was my understanding that contribution rates should be calculated at the teacher's rate of pay at July 1, and that it shall be the total compensation effective July 1 and any additional stipends later offered and received shall not adjust the teacher's contribution rate.”
  - TRE Response: Correct – the Base Salary is the amount of reportable income known on July 1, not to be adjusted for subsequent stipends, etc.
- “Is the rate based on just the main salary of the teacher contract or does it include any additional duties or stipends the teacher might also have as of July 1st.”
  - TRE Response: Both. Base Salary includes all reportable compensation known as of July 1, including main salary and stipends known on that date.
- “Confirm that the established rate is paid on stipends that are not identified as of July 1”
  - TRE Response: Confirmed. The Contribution Rate established as of July 1 is paid on all stipends and any other reportable compensation, whether known or not known as of July 1.
- “Confirm that Group A is, or is not, excluded from the tiered approach.”
  - TRE Response: Group A is excluded from the tiered approach. There is no change to Group A (and it is our understanding that there are no currently active Group A members).

# *VSTRS CONTRIBUTION RATES*

## ■ Answers to VASBO Questions (continued)

- “How is Summer Pay handled, i.e., pay that is earned in FY22 but paid during late summer of FY23?”
  - TRE Response: Pay earned during FY22 but not paid until FY23 is handled under the existing rules. The new rules (banded contribution rate) apply only to pay earned in FY23.
- “What happens where teacher contracts are not final until after July 1?”
  - TRE Response: As long as the contract is effective July 1, you will be able to adjust the Base Salary and Contribution Rate to reflect the final contract amounts, even if it is not finalized until Q2 Reporting. You will need to work with TRE to make any such adjustments to Base Salary in Q2.
- “Confirm that new reporting fields developed for FY23 will not interfere with FY 22 Q4 Reporting”
  - TRE Response: Confirmed. The new fields discussed later in this presentation will be first employed in Q1 of FY23.

# *VSTRS CONTRIBUTION RATES*

## ■ Terminology for Reporting in Legacy

- **Base Salary** – the full amount of reportable compensation that the member will earn as of July 1. It includes the member’s contract salary as of July 1, including any stipends that the teacher is under contract for as of July 1. It does not include non-reportable amounts (e.g., payment in lieu of health insurance) and amounts not known as of July 1. This will be a new field in FY23.
- **Contract Salary** – the amount of reportable income that the payroll officer expects the member to make for that year (would include additional stipends, etc., first known on and after July 1). This is an existing field, and nothing will change with how it is reported.
- **Current Quarter Gross Earnings** – the actual amount of earnings the member earned in that quarter. This is an existing field, and nothing will change with how it is reported.

# *VSTRS CONTRIBUTION RATES*

## ■ Reporting Overview

- In the next slides, we will walk through current reporting structure, including the following:
  - How we Report in Legacy today
    - Q1 and Q4 reporting screenshots
  - How we will Report in Legacy after July 1
    - Overview of Process
    - Q1 and Q4 reporting screenshots (this will show an added Base Salary field)
  - Members who work for Multiple Employers
    - Chart showing how common an occurrence this is
    - Overview of Process for adding up multiple Base Salaries to establish the Contribution Rate
    - Q1 and Q2 Screenshots



# VSTRS CONTRIBUTION RATES

## Employer Reporting - Today

**Vermont State Teachers' Retirement System**  
for Quarter Ending 09/2021

**Member Entry:**

	This Period	Last Period	Prior YTD	Contract Contrib	Variance
Contribution (5.0%)	814.93 <input type="checkbox"/> Stipend only		1226.78	3523.85	
FTE (full year is 100)	100	100			
Number of FULL Days Paid (this quarter)	57	83			

When entering days worked, report the actual number of **full** days (including in-service days) the employee worked this quarter.

Contract Salary: 70477 (Last Period: 70477)

Current Quarter Gross Earnings: 16298.9

Job Title: Teacher

Termination/Leave: -none-

Name Change:    
(plus Jr, Sr, etc. - no commas or (plus Middle Initial - no commas or periods)

Address Change:

**Vermont State Teachers' Retirement System**  
for Quarter Ending 06/2022

**Member Entry:**

	This Period	Last Period	Prior YTD	Contract Contrib	Variance
Contribution (5.0%)	814.93 <input type="checkbox"/> Stipend only		1226.78	3523.85	1482.14
FTE (full year is 100)	100	100			
Number of FULL Days Paid (this quarter)	57	83	83		

When entering days worked, report the actual number of **full** days (including in-service days) the employee worked this quarter.

Contract Salary: 70681 (Last Period: 70477)

Current Quarter Gross Earnings: 16298.9 (Prior YTD: 24535.85)

Job Title: Teacher

Termination/Leave: -none-

Name Change:    
(plus Jr, Sr, etc. - no commas or (plus Middle Initial - no commas or periods)

Address Change:

# VSTRS CONTRIBUTION RATES

- Employer Reporting – After July 1 – Overview
  - In Q1, we will add a new field in Legacy entitled **Base Salary**
    - The system will roll forward FY22 Q4 Contract Salary and pre-populate Base Salary as a placeholder in the Q1 Open.
    - Payroll Officers will input/overwrite the July 1 Base Salary when they enter the Contract Salary during Q1 reporting
    - This Base Salary amount will automatically populate a Contribution Rate based on salary bands
    - Payroll Officers will continue to report the same as they otherwise would all other fields
    - This Base Salary field will be locked after Q1, unless Retirement Division overrides
  - Flags
    - In order to ensure a degree of Quality control, we will establish two system flags:
      - If the Base Salary and Contract Salary vary by some threshold amount
      - If the Base Salary is in one band and the Contract Salary or Gross Earnings is in a different band

# VSTRS CONTRIBUTION RATES

## Employer Reporting – After July 1

 Vermont State Teachers' Retirement System  
for Quarter Ending 09/2022

**Member Entry**

	This Period	Last Period	Prior YTD	Contract Contrib	
Base Salary	70477				
Contribution (6.25%)	<input type="text"/> <input type="checkbox"/> Stipend only		1226.78	3523.85	
FTE (full year is 100)	<input type="text"/> 100	100			
Number of FULL Days Paid (this quarter)	<input type="text"/> 57	83			

**When entering days worked, report the actual number of full days (including in-service days) the employee worked this quarter.**

Contract Salary:  70477      70477       contract change


Current Quarter Gross Earnings:

Job Title:  Teacher

Termination/Leave:  -none-         Effective Date (mmddyy)

Name Change:    
(plus Jr, Sr, etc. - no commas or (plus Middle Initial - no commas or periods) periods)

Address Change:

 Vermont State Teachers' Retirement System  
for Quarter Ending 06/2023

**Member Entry:**

	This Period	Last Period	Prior YTD	Contract Contrib	Variance
Base Salary	70477				
Contribution (6.25%)	<input type="text"/> <input type="checkbox"/> Stipend only		1226.78	3523.85	1482.14
FTE (full year is 100)	<input type="text"/> 100	100			
Number of FULL Days Paid (this quarter)	<input type="text"/> 57	83	83		

**When entering days worked, report the actual number of full days (including in-service days) the employee worked this quarter.**

Contract Salary:  70681      70477       contract change

Current Quarter Gross Earnings:  24535.85

Job Title:  Teacher

Termination/Leave:  -none-         Effective Date (mmddyy)

Name Change:    
(plus Jr, Sr, etc. - no commas or (plus Middle Initial - no commas or periods) periods)

Address Change:

# VSTRS CONTRIBUTION RATES


- Employer Reporting – After July 1 – Teachers with Multiple Employers
- Teachers with Multiple Employers raise a particular issue because the rate is determined by the sum of the Base Salaries from the Multiple Employers
- Process
  - Before the Q1 Open, TRE will review Q4 data to identify current teachers with multiple employers. (The next page shows how many such teachers there are based on Q3 data.)
  - These members will have a notation on their Legacy screen when Q1 opens, and the pre-populated Base Salary will be the total reported salary from all employers.
    - Recognize that this only catches returning multiple employer teachers, not new
  - In Q1, Payroll Officer will input Base Salary, based on aggregate contracts from the multiple employers within the SU/District, and identify any teachers with multiple employers.
    - TRE will work with Payroll Officer to aggregate when teacher is employed in more than one SUs/District.
  - After Q1, TRE will do a validation process to identify discrepancies where possible in advance of Q2 Open.



## ■ Multiple Employer Teachers

Teachers employed as of FY22 Q3	11,628
Total employers	149
Teachers working for multiple employers	496
Employers with teachers working for multiple employers	56
Teachers working for multiple SU's	249
SU's with teachers working for multiple SU's	54

# Multiple Employer Teachers

 Vermont State Teachers' Retirement System  
for Quarter Ending 09/2022

**Member Entry:**

	This Period	Last Period	Prior YTD	Contract Contrib
Base Salary * (Multi Emp)	63775			
Contribution (6.2 %)	<input type="text"/> <input type="checkbox"/> Stipend only		1234.42	3188.75
FTE (full year is 100)	<input type="text" value="100"/>	100		
Number of FULL Days Paid (this quarter)	<input type="text" value="57"/>	83		

When entering days worked, report the actual number of **full** days (including in-service days) the employee worked this quarter.

Contract Salary  63775


Current Quarter Gross Earnings

Job Title:

Termination/Leave:     Effective Date (mmddyy)

Name Change:    
(plus Jr, Sr, etc. - no commas or (plus Middle Initial - no commas or periods) periods)

Address Change:

 Vermont State Teachers' Retirement System  
for Quarter Ending 06/2023

**Member Entry:**

	This Period	Last Period	Prior YTD	Contract Contrib	Variance
Base Salary * (Multi Emp)	63775				
Contribution (6.2 %)	<input type="text"/> <input type="checkbox"/> Stipend only		1234.42	3188.75	1203.01
FTE (full year is 100)	<input type="text" value="100"/>	100			
Number of FULL Days Paid (this quarter)	<input type="text" value="57"/>	83	83		

When entering days worked, report the actual number of **full** days (including in-service days) the employee worked this quarter.

Contract Salary  63775

Current Quarter Gross Earnings  24688.9

Job Title:

Termination/Leave:     Effective Date (mmddyy)

Name Change:    
(plus Jr, Sr, etc. - no commas or (plus Middle Initial - no commas or periods) periods)

Address Change:

## *VSTRS CONTRIBUTION RATES*

*Questions / Discussion*