

**Written Summary of Pension Framework to Strengthen Teachers' Pension
Vermont-NEA
January 10, 2022**

- **Stabilize Retired Teacher Health Care Benefits** by investing in moving to a pre-funding structure for retired teacher healthcare:
 - **\$13 Million** in one-time funds from the Education Fund
 - **\$15 Million** in annual recurring funds from the Education Fund
 - Continue pay-go retiree healthcare payments of **\$35 Million** from the General Fund

- **Stabilize Teacher Pension System**
 - **One-time State Funds - \$125 Million** in one-time funds from the General Fund
 - **Recurring Annual Additional State Funds - \$15 Million** on-going annual recurring payment from the General Fund above the ADEC until the teacher pension fund reaches 90% funded ratio. This will be codified in statute and ADEC and ADEC Plus payments will be appropriated on a two year cycle rather than one year.
 - **Extra Future State Payments - 25%** of any future General Fund budget surplus will be invested in the pension fund
 - **Changes for Teachers**
 - **Contributions** - 3 Year phase in of a progressive contribution structure
 - **Cost of Living Adjustment** - COLA remains status quo of 50% of CPI but will be delayed by an additional 12 months and with a minimum and maximum COLA of 0-4%
 - **Path to Normal Increased Cost of Living Adjustment**
 - Once the pension reaches 80% funded there will be a phased in increased benefit of 7.5% annually to achieve 100% COLA, as long as the funded ratio remains above 80%. Any COLA increase will remain if the funded ratio dips below 80% and increases will resume once the 80% funded ratio is reached again.
 - Any teacher to pay increased contributions for a full 12 months can access the future increased COLA