

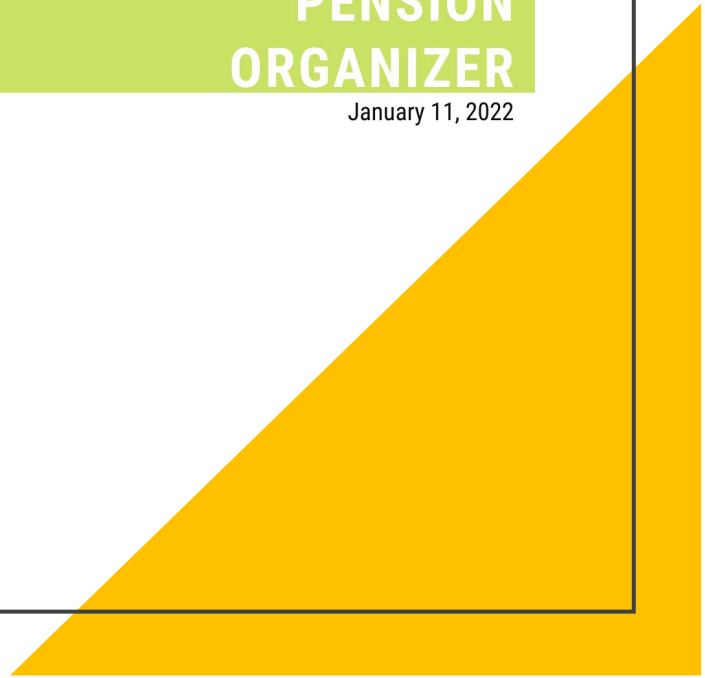
Biweekly Meeting #28

Update and Action

vermont  nea
THE UNION OF VERMONT EDUCATORS

LOCAL
ASSOCIATION
PENSION
ORGANIZER

January 11, 2022



Welcome

- Agenda Review
 - Welcome
 - Current Status
 - Next Steps
 - Q&A
- Done by 8pm

Legislative Pension Update

- **Process Refresher**

- Internal VTNEA Pension Policy Task Force formed in May 2021 – rank and file members applied and include representatives from all UD regions
- Members from the Internal VTNEA Task Force applied to VTNEA Board to be appointed to the Legislative Task Force – appointed in June 2021
 - Kate McCann – Washington Central EA President – U32 Math Teacher
 - Andrew Emrich – Harwood Unified EA, Co-Lead Negotiator – Kindergarten Teacher
 - Molly Stoner – Windham Southeast EA, long-time (past) VP of Elementary – 4th Grade teacher
- Internal VTNEA Task Force meeting weekly since May
- Legislative Task Force meeting weekly since July
 - Original deadline of December 2nd
 - Final meeting yesterday January 11, 2022 – with recommendations

Key Things to Know

- Reminder – Targets for ADEC and Unfunded Liability. Contributions only go to “normal” cost and don’t impact liabilities.
- Kate, Andrew and Molly – along with fellow union members have led with two keys things:
 - Significant investment of one-time money
 - Significant investment of recurring annual money
- Summary of Dec 17th Update Letter (right)

WHERE WE WERE in March 2021	WHERE WE ARE in December 2021
Working up to an additional 10 years	OFF THE TABLE = negotiated this out
Increasing Average Final Compensation from 3 to 7 years	OFF THE TABLE
Lengthening vesting period from 5 to 10 years	OFF THE TABLE
Threat of moving to a hybrid (Defined contribution/ defined benefit) plan	OFF THE TABLE
Elimination of the Cost of Living Adjustment	Considering minimal COLA changes in the short term and securing increased COLA when the system reaches a stronger health
Paying regressively higher contributions, as high as 8%	Restructuring our contributions into a progressively tiered system whereby the first \$40K is subject to a 6% contribution, with higher tiers subject to higher contributions (phased in over 5 years, with the highest salaries seeing an effective rate of just over 7%)

What is in the package?

- **State Pension Contributions**
 - \$125 Million in one-time investment
 - \$15 Million in recurring annual investment above the ADEC
 - 25% of any future state General Fund surplus
- **State Retiree Health Care Contributions – move to pre-funding**
 - \$13 Million in one-time
 - \$15 Million in annual recurring
 - \$35 Million in on-going for “pay-go”

What is in the package?

- **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

Reminder
of where
we were?

- Review Chart

Q & A

Substance and Action