

*Presentation to*  
***New England State Pension Reform—***  
**Responding to Demographic and**  
**Fiscal Challenges**

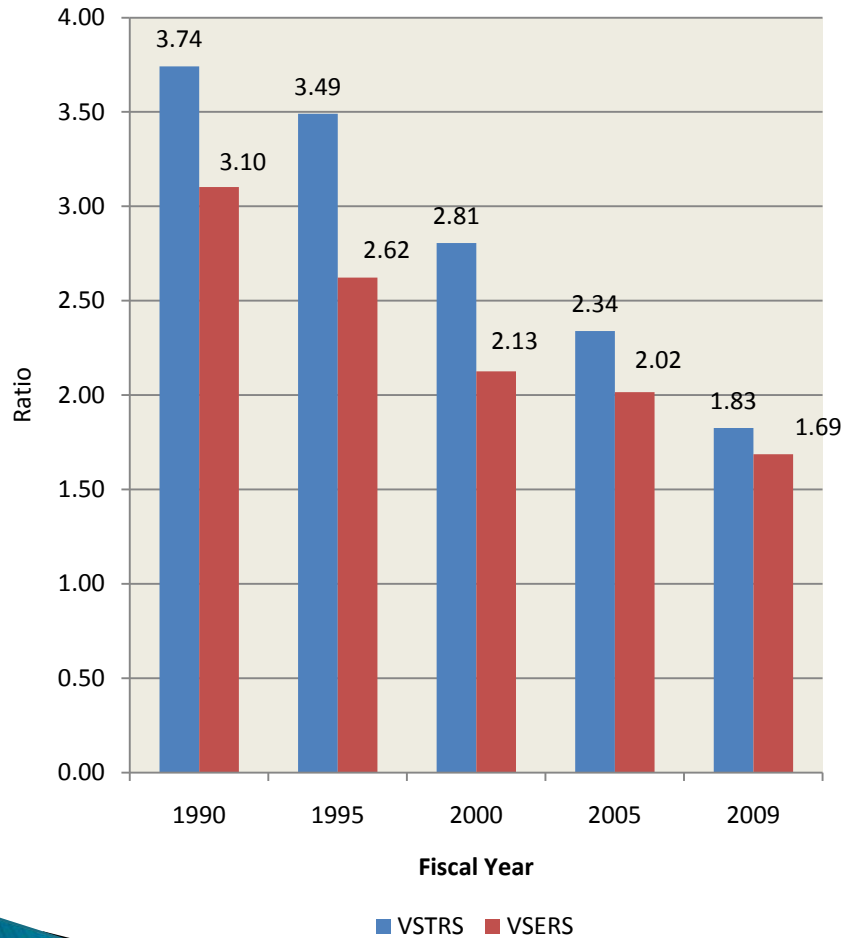
Jeb Spaulding  
State Treasurer  
State of Vermont



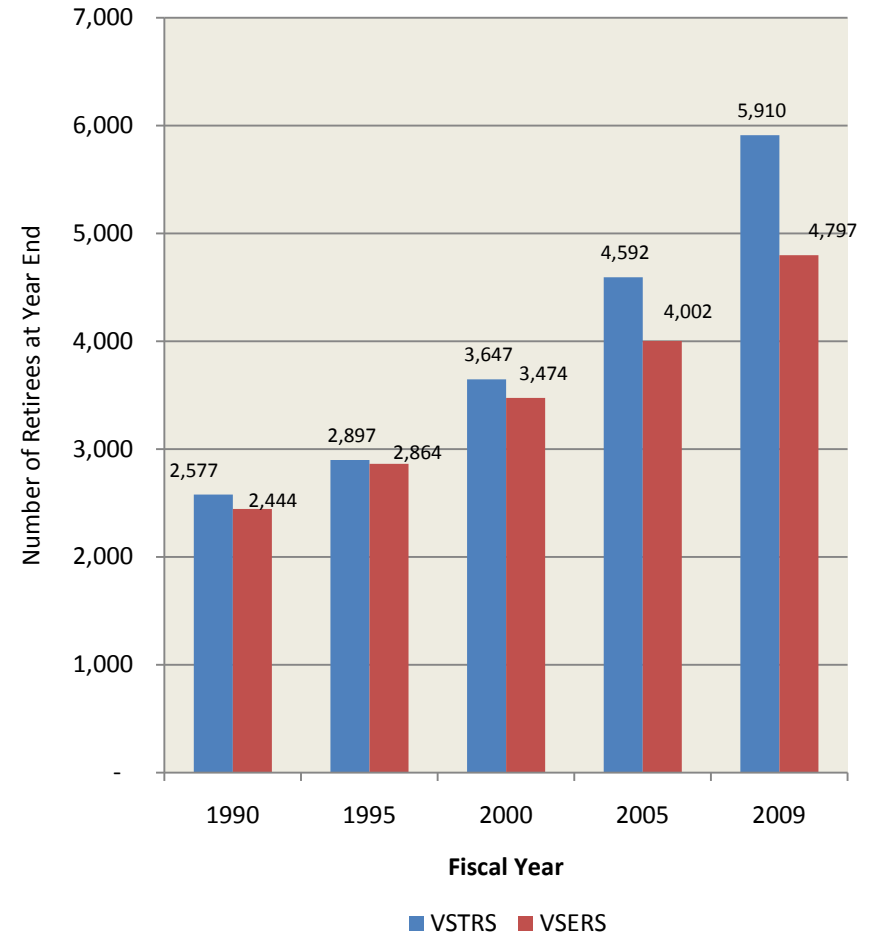
The New England Public Policy Center  
June 30, 2010

# Pension Demographics

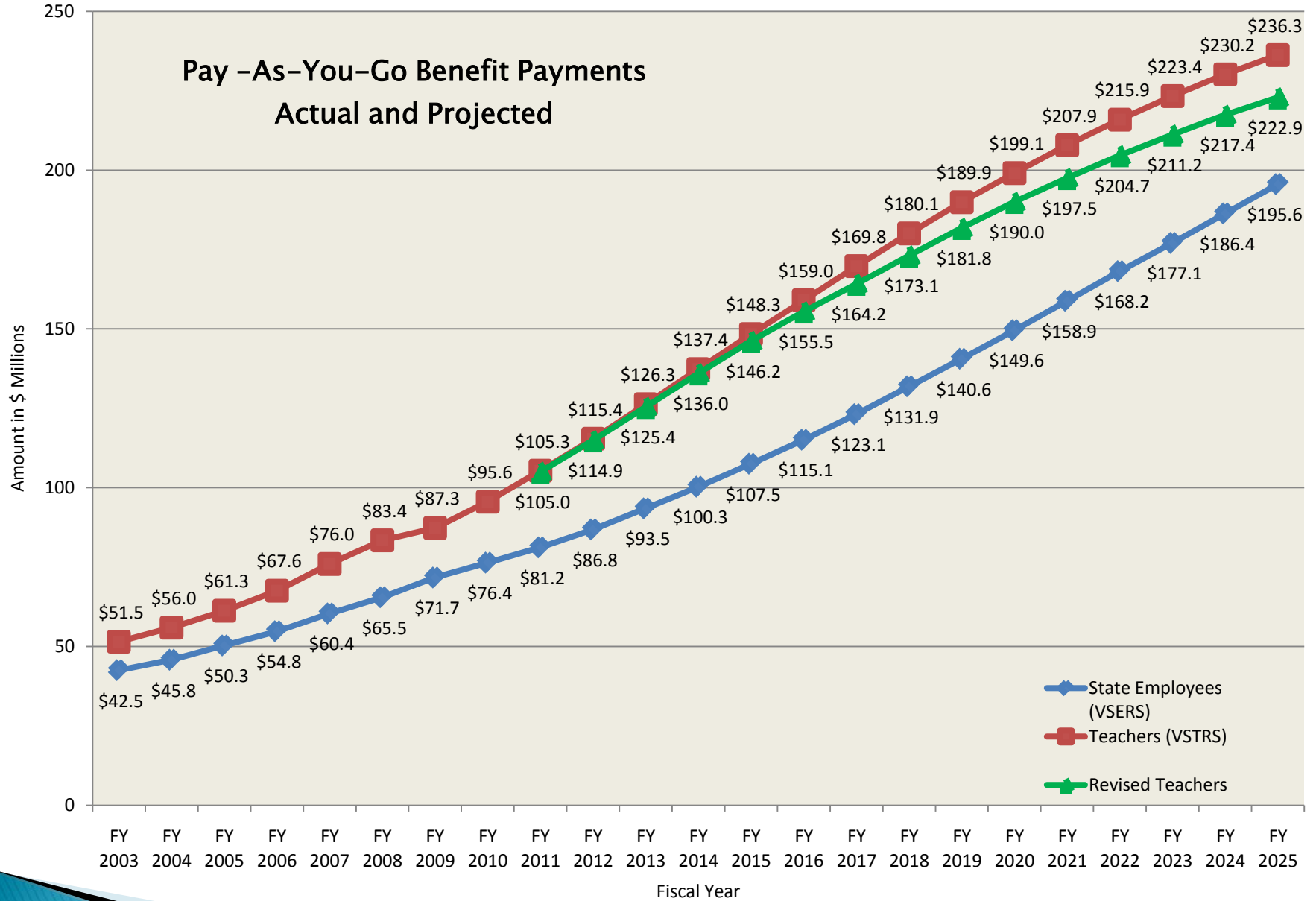
## Ratio of Active Members to Retirees



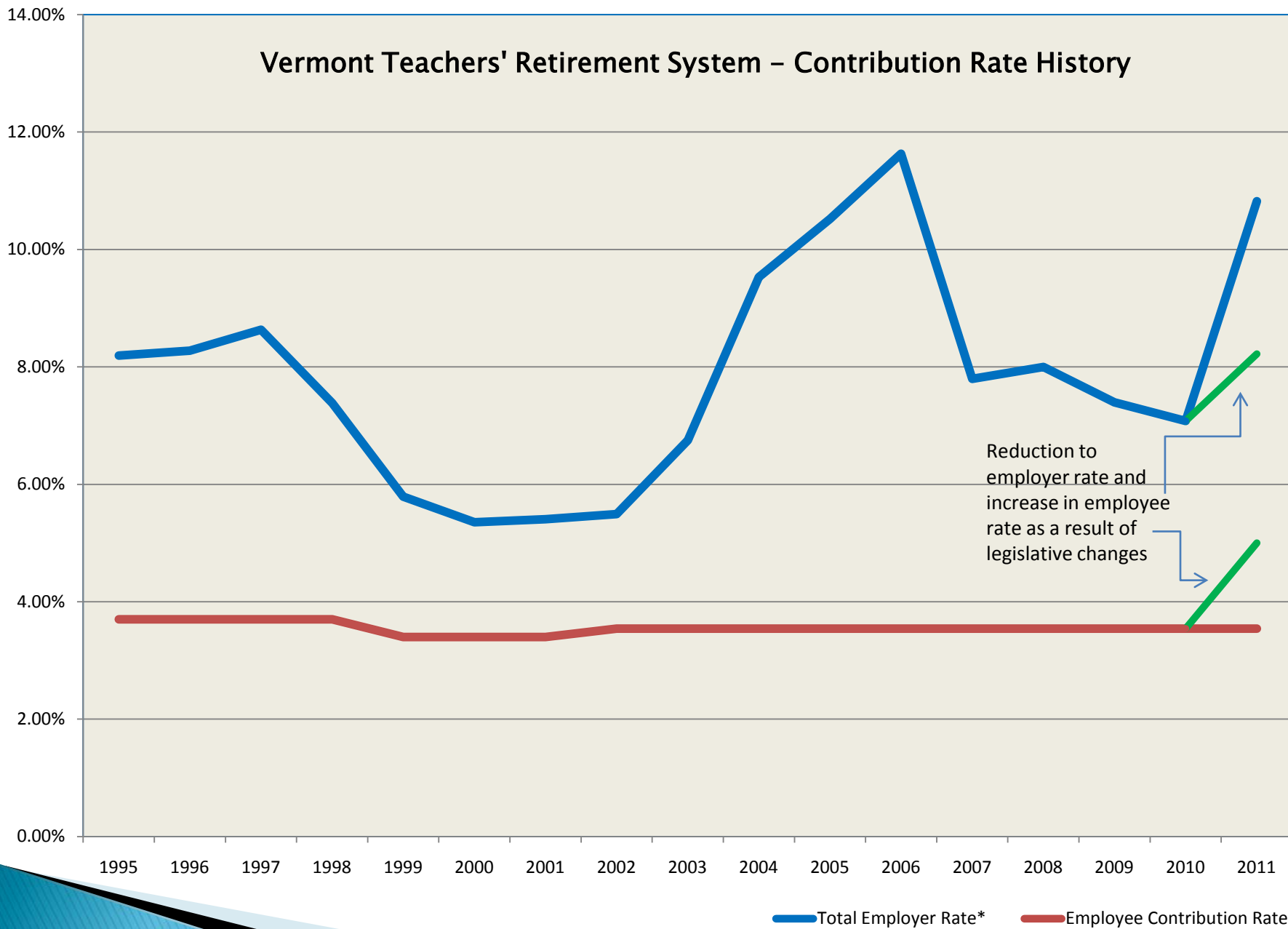
## Growth in Retiree Population



## Pay -As-You-Go Benefit Payments Actual and Projected



## Vermont Teachers' Retirement System – Contribution Rate History



\*Note: FY10 and FY11 based on budgeted ARC

# Changes to Teachers' Retirement System Pension Funding Requirements

## Normal Cost FY 11

As of 6/30/09 Valuation:	\$22.8 Million
Revised Per Statute Change:	\$10.3 Million*

## Amortization of Unfunded Liability FY 11

As of 6/30/09 Valuation:	\$40.7 Million
Revised Per Statute Change :	\$37.9 Million

## ARC FY 11

As of 6/30/09 Valuation:	\$63.5 Million
Revised Per Statute Change :	\$48.2 Million

## Employer Contribution Rate

As of 6/30/09 Valuation:	10.82%
Revised Per Statute Change :	8.22%

*Based on a projected payroll of \$587 million, this represents a savings to employer of \$15.3 million*

## Employee Contribution Rate

As of 6/30/09 Valuation:	3.54%
Revised Per Statute Change :	5.00%

*Based on a payroll of projected \$587 million, this represents an increase in employee contributions of \$8.6 million*

\* Normal cost represents the present value of benefits attributed by the funding method to service rendered during the valuation year. Under the Entry Age Normal method, the attribution is made by taking the cost of the full projected benefit for each participant and spreading it as a level percentage of payroll from year of hire to the assumed retirement date. Proposed employee contribution increases will have a significant positive impact on the development of this cost on an annual basis.