

Vermont State Employees
Retirement System (VSERS)

& Vermont State Teachers
Retirement System (VSTRS)

**RETIREMENT
AND HEALTHCARE
CONTRIBUTIONS
DILEMMA**

VERMONT IS OBLIGATED

TO FUND
RETIREMENT
& HEALTHCARE
CONTRIBUTIONS
FOR

32,000

teachers
& state
workers.



so,
*what's the
problem?*

THE STATE HAS ONLY BEEN MAKING THE **MINIMUM REQUIRED PAYMENTS** TO FUND THE PENSION PLAN AND **HAS NOT MADE ANY PAYMENTS** TO FUND THE HEALTHCARE PLAN.

THAT'S NOT ENOUGH.



UNDER THE CURRENT 20-YEAR AMORTIZATION SCHEDULE, THE CURRENT MINIMUM REQUIRED PAYMENTS OF \$112 MILLION ARE PROJECTED TO INCREASE TO \$313 MILLION BEFORE THE UNFUNDED LIABILITIES ARE TO BE PAID IN FULL IN 2037.

*what does this
mean for Vermont*



AS OF
6/30/18,

the State will be required to include the \$1.8 billion unfunded liability for the retiree healthcare benefits on its financial statements.

Reporting this liability will have a **SIGNIFICANT NEGATIVE IMPACT** on the State's net worth and could result in a lower bond rating.



LOWER BOND RATING = MILLIONS MORE IN FINANCING COSTS FOR THE STATE, MUNICIPALITIES AND OTHER STATE GOVERNMENTAL UNITS.

LOWER BOND RATING *

Failure to pay the minimum required payments for any year could also adversely affect the State's bond rating.

AS THE MINIMUM REQUIRED PAYMENT INCREASES, *more money will be needed from the general fund TO PAY IT & LESS WILL BE AVAILABLE TO IMPORTANT STATE PROGRAMS.*

THIS IS AN UNSUSTAINABLE BURDEN ON TAXPAYERS THAT WILL CONTINUE TO INCREASE.





TAXPAYERS ARE ON THE HOOK FOR

\$3.6 BILLION
OF UNFUNDED
LIABILITY
in Vermont's public pension
& healthcare plans.

THE COST TO MEET MINIMUM REQUIRED
PAYMENTS WILL RISE TO

\$313 MILLION
before underlying liabilities
are to be paid in full in 2037.

WE MUST ACT RIGHT AWAY IF WE WANT TO
PROTECT VERMONT'S
AAA BOND RATING