What Does The New Pension Bill Do?

Effective July 1, 2022

Now that the Pension Task Force's plan is law, here are a few of the most significant ways the law changes or enhances members' existing pension plan:

- Reduces the unfunded pension liability by $2 billion.
- Invests $37 million from the State annually into both the pension fund and retiree health care.
- Injects $75 million into the system immediately.
- Changes the way the COLA (Cost-Of-Living Adjustment) is calculated for employees who aren't eligible to retire by July 1, 2022.
    - COLA now begins 24 months after retirement.
    - COLA now has a floor of 0% and a ceiling of 4%.
- Introduces progressive increases to employee contributions:
    - Members with base salaries below the 25th percentile (under $50,000) see no change to the status quo.
    - Members with base salaries between the 25th and up to the 50th percentile ($50,000 - $62,000) see 0.5%/year increases for 3 years.
    - Members with base salaries above the 50th percentile and up to the 75th percentile ($62,000 - $75,000) see 0.5%/year increases for 4 years.
    - Members with base salaries above the 75th percentile ($75,000 and up) see 0.5%/year increases for 5 years.
- Creates a new retirement Group G allowing full retirement at age 55 after at least 20 years of service. The contribution rate for this group is 11.33%.
    - Group G includes:
        - Facility employees of DOC;
        - DOC employees who provide direct security and treatment services to offenders under supervision in the community; and
        - Employees of VPCH and MTCR who provide direct patient care allowing for full retirement at age 55 after at least 20 years of service.
    - Group G is:
        - Voluntary for current employees; and
        - Mandatory for new hires after July 1, 2023.

If you have any questions please contact your local worksite Steward, a VSEA Union Representative, or contact VSEA HQ: **802-223-5247** or **vsea@vsea.org**