

## Details for Progressive Teacher Contributions as Passed in S.286

Currently, teachers either pay 5 or 6 percent of their salary to the Vermont State Teachers Retirement System (VSTRS) based upon their date of hire with newer teachers paying 6 percent and more senior teachers paying 5 percent. Approximately half of teachers pay 5 percent and half pay 6 percent.

Given the current regressive contribution structure, one of the guiding principles of your Vermont-NEA Internal Pension Task Force, the group of approximately 20 fellow teachers that met weekly to support the work of Kate McCann, Molly Stoner, and Andrew Emrich, was to move to a **progressive structure for teacher contributions**. As S.286 moved through the legislative process, the progressive contribution structure was adjusted to ensure that it could be implemented by school business offices starting July 1, 2022. As agreed to by the Legislative Pension Task Force, and maintained in the final version of S.286, there is a three-year phase-in to the new rates. Additionally, there will be a study completed over the next year addressing implementation issues as we move to year three of the contribution phase-in.

In the 2022-23 and 2023-24 school years, the progressive rates will be an **eight banded flat progressive rate**. This means that depending on where your salary lands within the bands (Figure 1 and 2) you will pay the percentage rate below for your pension contribution to VSTRS.

Figure 1

Year 1	
Salary	Rate
\$0-40,000	6.00%
\$40,000-50,000	6.05%
\$50,000-60,000	6.10%
\$60,000-70,000	6.20%
\$70,000-80,000	6.25%
\$80,000-90,000	6.35%
\$90,000-100,000	6.50%
\$100,000+	6.65%

Figure 2

Year 2	
Salary	Rate
\$0-40,000	6.10%
\$40,000-50,000	6.15%
\$50,000-60,000	6.25%
\$60,000-70,000	6.35%
\$70,000-80,000	6.50%
\$80,000-90,000	6.75%
\$90,000-100,000	7.00%
\$100,000+	7.25%

Starting July 1, 2024, teacher contribution rates will transition to a **marginally applied progressive contribution rate**, as originally recommended by the Legislative Pension Task Force, where teachers will pay a blended effective rate towards their pension. This means a teacher will pay the percentage for each dollar earned in each bracket (Figure 3). The effective rate a teacher pays will be a combination of rates and unique to each VSTRS participant based upon their salary.

Figure 3

Year 3+	
Salary	+ % on Excess
\$0-40,000	6.25%
\$40,000-60,000	6.75%
\$60,000-80,000	7.50%
\$80,000-100,000	8.25%
\$100,000+	9.00%