



STATE OF VERMONT
OFFICE OF THE STATE TREASURER

NEWS RELEASE

For Immediate Release—February 15, 2013

Vermont Retirement System Boards Endorse Pension Forfeiture Legislation

MONTPELIER, Vt.—State Treasurer Beth Pearce announced today that legislation calling for forfeiture of retirement payments to public employees convicted of certain crimes has been endorsed by all three retirement boards. In meetings this week, the boards of trustees for the Vermont State Employees' Retirement System, Vermont State Teachers' Retirement System, and the Vermont Municipal Employees' Retirement System, all expressed support for H. 41. These boards represent approximately 46,000 active and retired public employees.

"As Treasurer and member of all three boards, I am pleased that all the boards are supportive of the bill. As the trustees of the retirement system, they play an important role in developing policy and protecting the health of the retirement system," Pearce said. "This has been a collaborative effort dealing with a difficult topic. Everyone has come together -- employee groups, employer groups, the administration, and the legislature -- to work to find the right balance. I commend the boards for their actions."

Under the proposal, judges would have the authority to order that public employees convicted of certain financial crimes related to their employment be required to forfeit some or all of their pensions. This would include offenses like embezzlement, theft, bribery and other crimes that involve an abuse of public office for financial gain. Roughly half of all states have some type of law dealing with pension issues linked to criminal cases.

"Our State work force is dedicated, hardworking, and committed to working day in and day out for Vermonters," said board Chair Kevin Gaffney of the Vermont State Employees' Retirement System. "When an employee violates the trust of public employment, we must ensure that taxpayers are protected. The board felt it was important to have a voice in this process and I am pleased we can offer our support of this bill."

An employee must be convicted specifically of one of the listed felonies. The Attorney General or State's Attorney would bring a civil forfeiture action against the convicted employee. The judge would then make a determination regarding the amount of the pension benefit that would be forfeited. The judge also may order that some or all of the retirement benefits be paid to any innocent spouse, dependent, or beneficiary as determined by the court.

"We must ensure that those that choose to steal money or commit financial crimes do not profit from their crimes," said Jon Harris, board Chair of the Vermont State Teachers' Retirement System. "This bill allows a judge to look at the entirety of circumstances, protects innocent dependents and ensures that Vermont taxpayers are not on the hook for these financial crimes."

"This bill provides protection to towns and taxpayers when financial crimes are committed by those given the public's trust," added Steve Jeffrey, board Chair of the Vermont Municipal Employees' Retirement System. "As chair, I am pleased the board has weighed in on this important topic and look forward to continuing to work towards passage."

House Bill 41 was introduced by Rep. Bill Lippert of Hinesburg and Rep. Donna Sweaney of Windsor. The bill passed the House today and is headed to the Senate for review. Last month, Gov. Peter Shumlin and other leaders announced their support for such a measure.