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THOMAS GOLONKA
VPIC CHAIR

KIMBERLY GLEASON
VPIC VICE-CHAIR

STATE OF VERMONT
VERMONT PENSION INVESTMENT COMMISSION

TO: Vermont House and Senate Committees on Government Operations

FROM: Thomas Golonka, Chair
Kimberly G. Gleason, Vice Chair

DATE: January 15, 2025

RE: Vermont Pension Investment Commission Annual Report

In 2021, the General Assembly of the State of Vermont enacted Act 75, relating to the membership and duties of the Vermont Pension Investment Commission (VPIC) and the creation of the Pension Benefits, Design, and Funding Task Force. Act 75 requires the VPIC to submit a comprehensive report to the House and Senate Committees on Government Operations on or before January 15th of each year and we are happy to submit it herewith.

Executive Summary

- VPIC generated a net investment return of 10.21% in fiscal year 2024, well above median among US public pension fund peers. VPIC's 5-year return of 7.9% now exceeds the 7% actuarial assumed rate of return and ranks at or above median among public pension funds for the fourth consecutive year. Our strong investment performance has lowered pension funding costs for Vermont taxpayers. More details can be found in Appendix A.

- VPIC's 20.48% 10-year private equity return ranked #1 Nationally among Public Pension Funds in 2024 by American Investment Council. More details can be found in the American Investment Council's annual ranking of public pension plan investment returns in Appendix F.

- VPIC has made significant progress professionalizing staffing and improving investment performance. To maintain this momentum and retain top talent, we request the legislature's support to implement Mercer's staffing recommendations from their 2022 study to address significant key-person risk. The report can be found in Appendix D.

- Investment earnings have funded approximately 63 cents of each dollar paid to plan participants. Dollars contributed by taxpayers are maximized through investment performance and the economic benefit to the Vermont economy as participants live and spend in state.