

PRSRT STD
U.S Postage
PAID
Burlington, VT
Permit No. 21

In This Issue:

- Details on legislative session
- Retiring Times Transfers to Electronic Format
- COLA Information
- Treasurer Pearce on Helping Vermonters Save



**Legislative Changes?
We've Got You Covered**

Fall 2016

Retiring TIMES

Vermont State Employees' Retirement System

2016 Legislative Round Up

Changes Enhance Retirement Security for State Employees

The 2016 legislative session resulted in the enactment of several pieces of legislation primarily designed to enhance retirement security for active and retired State employees.

Measures were developed in a collaborative partnership between the State Treasurer's Office, VSEA, and legislative leaders to strengthen the financial status of the retirement system. Both the State and employees will make new contributions to the pension funds. The increased contributions will help support the State pension funds so current and future beneficiaries are paid in whole.

2016 was a significant year for legislative changes that enhance retirement security for all State Employees

Under Act 114 (formerly H.863), defined benefit group plan beneficiaries will contribute more to their pension. The law was developed to improve the State Employees' pension fund's balance and to provide security and stability to employee retirement benefits. Employees will pay one-fourth of one percent (.25%) more than the previous contribution amount of 6.4%.

The new contribution rates for each group plan resulting from this change will be as follows: Groups A, D and F – 6.65%; Group C – 8.53%. The increase was developed in a collaboration between the State Treasurer's Office and VSEA.

Employees aren't the only stakeholders who will pay more going forward – legislators passed a new law, Act 172 (formerly H.875), which modified the pension payment schedule so the State will pay more up front to improve the financial condition of the pension funds. Updating the schedule means that the State will pay down the unfunded liability at a more rapid rate. The front-loading of payments will significantly reduce long-term financing costs, resulting in projected savings of greater than \$100 million.

(continued pg. 2)

RETIREMENT SECURITY

Helping Vermonters Save is Good Public Policy

by Beth Pearce, Vermont State Treasurer



Last year, the total number of retired, vested, and active members of Vermont's three retirement systems exceeded 50,000; a first for the State of Vermont. I view this milestone as an important opportunity to educate others about the importance of retirement security. We need to work together so more Vermonters can save to enjoy a lifetime of financial and economic wellbeing.

A study by AARP found that 104,000 Vermonters lack access to an employer-sponsored retirement option. That's approximately one-sixth of Vermont's population. The same study found that more than 79,000 of these Vermont employees annually earn \$40,000 or less. Research suggests that employees are more likely to save if they have access to an easily accessible plan. It is imperative that we work together to develop systems that encourage all Vermonters to save for retirement.

We need to work together so more Vermonters can save

One initiative that the Treasurer's Office has worked on involves creating a retirement option for use by the general public. I chair a study committee that is exploring whether the State of Vermont can develop a program to help Vermonters save. A number of stakeholders, representing many views, have taken part in the committee's deliberations. While the particulars of a public retirement option haven't been finalized, committee members generally agree that enhancing saving opportunities for Vermonters who lack access to an employer-sponsored retirement option is good public policy.

When Vermonters have adequate and reliable income in retirement, they buy goods and services, which stimulates the economy. As State Treasurer, one of my top priorities is helping Vermonters access the tools to enjoy a lifetime of financial and economic wellbeing. I am committed to working in partnership with employees, employers, and lawmakers to make sure we are doing everything we can to improve Vermonters' ability to save for retirement. By focusing on solutions and bringing together different stakeholders, I am confident we can make progress to help Vermonters achieve financial security.

NOTICE:

Retiring Times Goes Electronic Starting in 2017

Retiring Times is going electronic starting with the winter 2017 edition. Beginning in January, VSERS members can obtain the newsletter by visiting a new website, retiring-times.vermont.gov. All of the content you expect from Retiring Times will still be available in a convenient, easily updateable electronic format. The change will improve how the Treasurer's Office communicates with VSERS members. It will also eliminate paper waste and reduce annual costs to the retirement systems.

A limited quantity of paper copies will be printed for system members who prefer a paper copy. If you would like a paper copy starting with the Winter 2017 edition, you may make a request one of three ways: complete the form on page 3 and return it to the address provided, contact the Retirement staff at 802-828-2305, or email Treasurers.Office@Vermont.gov.

Retiring Times Goes Electronic

(Retiring Times Continued pg. 1)

The decision to migrate Retiring Times to an electronic format was discussed by the VSERS Board of Trustees at their August 11, 2016 Board meeting. Prior to the meeting, Treasury staff conducted an extensive review of the publication. State Treasurer Beth Pearce issued a recommendation to the Board for discussion. The Board reviewed historic information about the publication, including the following facts:

- Retiring Times was launched in 2000 to communicate with active and retired members of Vermont's three retirement systems.
- Over 50,000 active, inactive, terminated and retired members of the system receive the newsletter, many more than when the newsletter was first published.
- In 2015, the annual cost to transmit two paper seasonal editions was approximately \$39,000.00.
- Mailing the publication generates 304,746 pages of paper annually.
- A number of factors make it difficult to assess how many individuals receive and read the mailed newsletter.

In lieu of the above considerations, and others, State Treasurer Beth Pearce issued a recommendation to transition Retiring Times to an electronic format, effective 2017.

"I believe this proposal marks an important step in the right direction," said Treasurer Pearce. "We can achieve significant cost savings and the elimination of paper waste, while freeing up office and staff resources."

VSERS Board Members unanimously approved the plan and requested that the Treasurer's Office develop a system to furnish paper copies on a requested basis.

Accordingly, this edition of Retiring Times will be the last paper edition distributed to all 50,000 system members. A dedicated Retiring Times website (retiringtimes.vermont.gov) will carry future editions. Updates will be made in Winter and Summer.

As Retiring Times transitions to an online format, keep in mind you still have the option to request a paper copy by submitting the completed form on page 3 or by contacting the Retirement Division at 802-828-2305.

We urge you to try the electronic format and share your feedback with Treasury staff. Our aim is to constantly improve how we provide information to system members. You may also contact the office by emailing Treasurers.Office@vermont.gov.

(Legislative Update Continued pg. 1)

The State Treasurer's Office proposed this fiscally prudent solution and worked closely with legislative leaders to pass an aggressive repayment schedule to maximize the impact on improving the funds' status.

"I am pleased with the thoughtful, collaborative approach that employees and legislative leaders took crafting these laws," said State Treasurer Beth Pearce. "When we work together, we are better positioned to meet our shared goal of increasing retirement security and providing value to the taxpayer. I am hopeful we can use this balanced approach as a model going forward."

Treasurer Pearce also worked in collaboration with the Vermont Retired State Employees' Association and other retiree groups to enact legislation that ensures retirees will not be subject to negative cost-of-living adjustments (COLAs) in the future. Legislation included in Act 114 prohibits retirees from receiving a negative adjustment in their retirement benefits during a year when the June 30th Consumer Price Index (CPI) does not reflect a positive change. Instead, the negative COLA will be taken from a future year or years when the COLA is again positive, thereby protecting retirees' critical income stream while maintaining the financial integrity of the retirement system.

The shared commitment to retirement security expands on prior years work to strengthen the pension funds. The Treasurer's Office will continue to recommend prudent management strategies to ensure retirement security for state employees and retirees.

NOTICE: COLA INCREASES EFFECTIVE JAN 1:

Groups A, B, C, and D	1.00% (minimum)
Group F <small>(who retired on or after June 30, 2008)</small>	1.00% (minimum)
Groups E and F <small>(who retired before June 30, 2008)</small>	1.00% (minimum)

Volume 16, Issue 2

Fall 2016

Retirement Board of Trustees

Roger Dumas, Chair, VRSEA
 Beth Pearce, Vermont State Treasurer
 Andy Pallito, Commissioner, Dept. of Finance & Mgmt.
 Maribeth Spellman, Commissioner, Dept. of Human Resources
 Jay Wisner, Governor's Appointee
 Jeff Briggs, VSEA
 Tom Hango, VSEA
 Judy Rosenstreich, VSEA
 Jean Paul Isabelle, Alternate -VSEA
 Allen Blake, Alternate-VRSEA

Director's Corner

by Laurie Lanphear, Director of Retirement Operations



The following content first appeared in the 2007 December issue of the Retiring Times. Despite the importance of the message it contains, every year our office processes a number of active member deaths without a designated beneficiary on file. The result is the potential loss of an extremely valuable benefit that could provide continued security to a loved one after your death. I encourage you to read the following updated message carefully and take action if needed.

If you are an active member, it is very important to have a current and appropriate beneficiary designated on your retirement account. The reason for this is two-fold:

1. The retirement office is holding money on your behalf. Contributions withheld from your bi-weekly paycheck go into your retirement account, which earns interest at the rate of 5.0% annually. If you should die, this money will be paid to your primary beneficiary(ies). Absent a beneficiary, the money will be paid to your estate, which must be probated before it will get to your loved ones.
2. In lieu of a return of your contributions, a survivorship benefit is available for your designated primary dependent beneficiary if you have a minimum of 10 years of service, or if you have 5 years of service and are at least age 55. This is an extremely valuable benefit that could provide an income stream to your spouse or civil union partner in the event of your death while still actively employed.

I strongly recommend that you take the time to ensure your designated beneficiary is up-to-date. Please contact our office at 1-800-642-3191 or 828-2305 if you are unsure who you have as your designated beneficiary, or would like a form to update your beneficiary. Beneficiary forms may also be downloaded from the Retirement website at: www.vermonttreasurer.gov/retirement/forms

Sign up to receive paper copies of Retiring Times

Fill out the form below to request a mailed copy going forward!

NAME: _____

ADDRESS: _____

CITY/TOWN: _____

ZIP: _____

EMAIL: _____

Please fill out this form and mail it to:

ATTN: Retiring Times
 109 State Street, 4th Floor
 Montpelier, VT 05609

You can also email or call to request a mailed copy:

Email your request, including the above information, to treasurers.office@vermont.gov or Call 802-828-2305 to request delivery by phone