

# Retiring *TIMES*

Vermont State Teachers' Retirement System



Retiring Times – Winter/Spring 2023



## Mike Pieciak Sworn in as 31<sup>st</sup> Vermont State Treasurer

State Treasurer Mike Pieciak took the oath of office on January 5<sup>th</sup>, 2023. Treasurer Pieciak previously served as the commissioner of the Vermont Department of Financial Regulation (DFR) where he was first appointed by Governor Peter Shumlin in 2016 and reappointed by Governor Phil Scott in 2017. He was a member of the legislature's Pension Benefits, Design, and Funding Task Force.



Treasurer Pieciak has appointed **Gavin Boyles** to serve as Deputy State Treasurer. Mr. Boyles most recently worked as General Counsel for DFR and has 14 years of government experience in Vermont including time as an Assistant Attorney General, and as Law Clerk for Chief Justice Paul Reiber at the

Vermont Supreme Court.

## Retiring Times will now be posted online!

This newsletter will now be posted online at [www.vermont.gov/retiringtimes](http://www.vermont.gov/retiringtimes) and in our Member Direct portal. The newsletter will no longer be mailed.

## COST-OF-LIVING ADJUSTMENT FOR CALENDAR YEAR 2023

This year, inflation increased by 7.60%, as measured by the Northeast Region CPI-U for the year ended June 30, 2022. Based on statutory formulas, what this means for current retirees who qualify for a COLA is the following:

- Group A – 5.00%.
- All other VSTRS retirees – 2.50%

Please note that Acts 114/173 made changes to the COLA provisions applicable to certain VSTRS members. However, these changes will not affect members who are eligible to receive a COLA this year. Generally speaking, if you were retired or eligible for normal retirement as of June 30, 2022, you will continue to be subject to the old COLA rules, while newer retirees who do not meet that criteria will be subject to the new COLA rules set forth in Acts 114/173.

For more information on COLAs and the new statutory provisions, please see our [Summary](#) as well as our [2023 COLA memo](#).

## Make Sense of Your 1099-R Form

The 1099-R form is the income tax document for retired members, much like the W-2 tax document issued to active employees. If you are receiving a pension from a public plan in Vermont, you should receive a 1099-R form in the mail. These forms are mailed to the address on file for all retirees no later than January 31 each year. The 1099-R forms are also accessible online at [retire.vermont.gov](http://retire.vermont.gov). Please note, if you have not registered for an account you must begin by requesting an enrollment pin. The enrollment pin will be mailed to you the following business day. If you need assistance, please contact our office at [tre.retirementoffice@vermont.gov](mailto:tre.retirementoffice@vermont.gov) or 1-802-828-2305.

This information is intended to assist retirees by explaining what each box on the 1099-R represents. The descriptions below only identify the boxes that are used by the Vermont Retirement Systems for reporting your pension to IRS.

- BOX 1** Displays the gross amount of the pension you have received during the preceding calendar year, before any deductions have been withheld.
- BOX 2a** Displays the taxable amount of the pension you have received during the preceding calendar year. In some cases, boxes 1 and 2a reflect the same amount. If the amount in box 2a is smaller than the amount in box 1, it means that you made contributions into the retirement system while actively employed that you paid taxes on, and therefore, those same already-taxed contributions will not be taxed again in retirement.
- BOX 4** Displays the total amount that has been withheld for federal taxes, based on your filing status, during the preceding calendar year. If the amount in box 4 is blank, then you have either elected not to withhold federal taxes, or your filing status results in a -0- withholding.
- BOX 5** Displays the portion of the total pension reflected in box 1 that is not taxable. If box 5 is blank, it means that your pension is fully taxable. NOTE – this box can be confusing as it appears to indicate that insurance premiums should be displayed here. Our system does not use this box for insurance premiums, nor is it a deduction of any kind.
- BOX 7** Displays the IRS code for a pension distribution.
- BOX 12** Displays the total amount that has been withheld for Vermont State taxes, based on your filing status, during the preceding calendar year. If the amount in box 12 is blank, then you have either elected not to withhold Vermont taxes, or your filing status results in a -0- withholding.
- BOX 13** Displays the state to which the withholding was paid and the payer's federal identification number.
- ACCOUNT NUMBER** Displays your unique retirement system identification number.

## Withholding Changes in 2023

The IRS has changed the tax withholding regulations and forms for use in 2023. These changes affect retirees who receive benefit payments from the Vermont Retirement Systems.

In short, the new federal W-4P Form no longer allows you to change your tax withholding by electing a specific number of withholding allowances. Instead, the form has specific fields for you to enter other income, tax credits, and tax deductions that will increase or decrease your total federal tax withholding. The IRS's goal with the new form is to more accurately approximate the amount of tax due from the retiree.

Members retiring on or after January 1, 2023, should use the new W-4P Form. **Members who are already retired and receiving monthly benefits before January 1, 2023, are not required to file a new form.** For those who do not make a change, the Vermont Retirement System will adjust your withholdings to better match your approximate tax liability under the new regulations.

If you do wish to make a change to your tax withholding; you may do so by logging into your MemberDirect account or by finding the new form on the IRS's website (<https://www.irs.gov/pub/irs-pdf/fw4p.pdf>) and mailing it to our office. You may also contact our office should you need a physical copy mailed to you.

Please note that the Vermont Retirement System cannot provide you tax advice, including advice on how to complete these forms. If you have questions about your tax situation, please contact a tax advisor.

## New Retirement Systems Staff

This past year has been an exciting time in the Retirement Division. This year saw a complete

change in the division's leadership. Former Director **Erika Wolff** departed in fall 2021. Deputy Director of Policy **Lesley Campbell** left the office in spring 2022, and Deputy Director of Operations **Nancy Dimick** took her well-earned retirement in summer 2022.

In March of 2022, **Tim Duggan** was appointed the new Director of the Vermont Retirement Systems. Tim most recently served as General Counsel to the State Treasurer's Office. In that position, he routinely advised the Retirement Division and Retirement Boards and represented them in administrative and civil litigation. Prior to joining the Treasurer's Office, Tim worked electric and gas rate regulation, first at the federal level for the Federal Energy Regulatory Commission and then in Vermont for the Department of Public Service.

In September, **Nicole Weidman** was appointed Director of Retirement Operations and Policy. Nicole has had a long and distinguished career in Vermont State government. With over two decades of experience, Nicole has focused her attention on health insurance, specifically Medicaid, and played a significant role in the implementation of Vermont Health Connect. During the last 7 years, Nicole has worked with the Office of Child Support assisting families and children as well as providing professional development opportunities, training, and support for employees.

## Member Direct: Sign Up Today

You can access Member Direct by visiting [retire.vermont.gov](https://retire.vermont.gov). Member Direct allows both active employees and retirees to access their retirement account online. Having trouble enrolling? Please visit the Treasurer's Office website for instructions on how to enroll at: <https://www.vermonttreasurer.gov/content/member-direct>