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STATE OF VERMONT
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NEWS RELEASE

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Vermonters Urged to Start Saving for Retirement

MONTPELIER, Vt.--The "gold" may become a little tarnished on those golden retirement years for many Vermonters, who could find themselves short on cash and long on expenses. By 2030, nearly one-fourth of Vermont's population will be age 65 and older; and national savings statistics indicate most won't have saved enough money to meet their retirement needs.

State officials today called attention to the need to save for retirement. Governor Jim Douglas signed a proclamation officially designating October 21-27 as "Save for Retirement Week" in Vermont. The U.S. Congress also has designated that week as a national period for Americans to consider whether they are financially prepared for retirement.

"The U.S. personal savings rate is now at a negative one percent," said Governor Douglas. "Studies indicate that most elderly Americans rely on Social Security as their major source of retirement income. In this state, the annual benefit paid to a Vermont worker is less than \$12,000. These numbers give us cause for concern. While our administration works every day to make Vermont a more affordable place to live and work, I hope that Vermonters will use this week to consider whether they are prepared to meet their future financial needs."

Inflation, the rising cost of healthcare, and longer life spans are combining to place a greater financial burden on all retired Vermonters.

"It's estimated that you will need at least 70 percent of today's income in retirement to maintain the same standard of living enjoyed prior to retiring," said State Treasurer Jeb Spaulding. "Among those Americans who are saving, a 2007 workforce survey indicated 41 percent of workers age 55 and older had saved less than \$50,000. If you consider that the average American spends 18 years in retirement, it becomes apparent that many people are going to run out of money."

One result of the lack of personal savings will be people delaying retirement and working longer. Research conducted by the AARP showed that 80 percent of people born during the Baby Boom expect to continue working in some form past the age of 65.

"There is a concern among our members about how they will be able to afford to retire," said AARP Vermont Acting State Director Jennifer Wallace-Brodeur. "Our surveys show that two out of three people 50 and over view retirement as a time to begin a new chapter, start new activities, and set new goals. The more financially prepared individuals are for this phase of life, the more flexibility they'll have to pursue new activities rather than being locked into a particular job or career."

To help Vermonters plan for retirement, the Treasurer's Office and the State Department of Banking, Insurance, Securities and Health Care Administration (BISHCA) recently posted several new on-line resources. Two new retirement planning pages for individuals and for business managers are available by going to the Treasurer's Office new financial literacy site at www.MoneyEd.Vermont.gov. The pages provide information on types of retirement plans, direction on how to start a savings program, and how to calculate future income needs. The Treasurer's Office also will send a free retirement planning workbook to those who request it through the web site or by calling the office at 1-800-642-3191.

A new on-line database developed by BISHCA allows people to search for a registered investment professional in their local area. The database includes more than 1,200 Vermont-domiciled businesses and professionals registered with the State as Broker-Dealer-Agents and Investment Advisor Representatives. It is accessible through the MoneyEd web site or through the Securities Division section of the BISHCA web site by going to www.bishca.info.

"We hope that this on-line resource will encourage people to seek out the information they need to put in place a retirement savings plan that works best for them," explained BISHCA Commissioner Paulette Thabault. "Vermonters also can call BISHCA to check on the disciplinary history of any brokerage firm or sales representative by calling our toll free number at 1-877-555-3907."

The good news is that when people begin to consistently save for retirement, their savings can grow quicker than they think thanks to compound interest. Interest is the money a bank or financial institution pays to someone for the use of his or her deposited money, such as in a savings account. Compound interest is earning interest payments on the interest. If someone commits to save \$4,000 on a yearly basis on an investment that earns 7 percent interest, after five years the investment would total more than \$23,000 dollars. After 15 years of savings and accrued interest, the person would have more than \$100,000.

As part of "Save for Retirement Week" the State Treasurer's Office is sponsoring two retirement savings information booths. The booths are scheduled for 11 a.m.-1:30 p.m. October 23 on the State House lawn in Montpelier, and during the same hours on October 25 at the State office complex cafeteria in Waterbury. People are invited to stop by to receive free retirement planning information and enjoy refreshments.

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