



STATE OF VERMONT
OFFICE OF THE STATE TREASURER

NEWS RELEASE

For Immediate Release—October 16, 2008

Press Contact: Jeb Spaulding (802) 828-1452; Lisa Helme (802) 828-3706

Challenging Economic Times Underscore Need for Retirement Planning

MONTPELIER, Vt.—Have I saved enough for retirement? The State Treasurer's Office hopes Vermonters will pause to consider this question as the nation observes "Save for Retirement Week" October 19-25. Today, the State Treasurer's Office called attention to the need for retirement planning at a State House event in Montpelier. The message communicated was to think long-term and consider what your financial needs will be.

"The current challenges in our economy have left many people wondering how best to prepare financially for the future," said State Treasurer Jeb Spaulding. "When you haven't made plans for your retirement, watching what you have saved become depleted by the fluctuating markets becomes even more alarming. People aren't sure what to do next."

The Treasurer's Office distributed free retirement planning books and other materials to people who stopped by a public information booth on the State House lawn. With personal savings rates at record lows in the U.S., today's events were meant to help Vermonters take a careful look at their retirement plans and make certain they have put enough money away for the future.

Surveys conducted by the Employee Benefit Research Institute (EBRI) suggest that only a minority of people have determined their financial needs in retirement. A 2006 survey by the institute showed just 42 percent of Americans had tried to calculate how much they needed to save for their retirement.

"While Vermonters can't control the impact the market downturn is having on individual assets they've invested for retirement, they can control their plan for saving and diversifying where this money is placed to grow in the years prior to retiring from the workforce," said Spaulding. "Retirement is a long-term investment and people should look at their investment strategies with that perspective."

In planning for retirement, the Treasurer's Office recommends individuals consider several questions.

- At what age do I plan to retire and how many years can I expect to live in retirement?
- What do I want to do in retirement and how much do these activities cost?
- If I plan to move when I retire, how expensive is it to live in the new community?
- What healthcare and long-term care costs should I consider?
- Do I want to leave money to relatives, friends or a favorite charity?
- What will be my sources of retirement income?

Most elderly Americans today rely on Social Security as the major source of their retirement income. In Vermont, the average monthly Social Security benefit paid to a retired worker was just under a thousand dollars. Defined benefit plans, often referred to as traditional pensions, are also declining nationwide. EBRI research shows that while 62 percent of private-sector businesses offered employees traditional pension plans in 1979, only 10 percent offered such plans in 2005. During that same period, companies switched to offering defined contribution 401(k) type plans to employees to control costs. Those plans require employees to put their own money away for retirement. Depending on the type of plan, the employer may also make contributions to these accounts. While in 1979 only 16 percent of private sector companies offered defined contribution plans to their employees, that number grew to 63 percent in 2005.

“Even if you are fortunate to have a traditional pension to rely on, a retirement plan is still important to enable you to determine what your income needs will be in the future. No one wants to find out that their long-time dream of traveling in retirement is unattainable after they’ve retired. Planning in advance can help you to both build adequate savings and have realistic plans about what you can do in retirement,” Spaulding explained.

To help Vermonters prepare for retirement, the Treasurer’s Office is offering a variety of free resources. Individuals may request a free retirement planning booklet by calling the office at 1-800-642-3191. The Treasurer’s Office financial literacy web site also offers a range of free materials. That site is located at www.MoneyEd.Vermont.gov.

-end-