



STATE OF VERMONT
OFFICE OF THE STATE TREASURER

NEWS RELEASE

For Immediate Release—June 15, 2009

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Vermont State Employees Notified of Retirement Incentive Program

MONTPELIER, Vt.—The Retirement Division of the State Treasurer's Office has mailed letters to approximately a thousand State of Vermont employees informing them that they are eligible to apply for voluntary retirement under the 2009 incentive program passed in the recent special legislative session and signed into law by Governor Jim Douglas. The letters were mailed June 12.

State Treasurer Jeb Spaulding wants all employees potentially eligible for the program to be aware of the fast approaching deadline to apply. All applications must be received by the Retirement Division no later than July 31.

"I also want to encourage any employees who believe they are eligible, but do not receive a letter from us, to contact my office to have their situation evaluated by retirement personnel," said Spaulding. "The legislation allows only 300 eligible employees to take advantage of the retirement incentive. We want to make certain no one who is eligible misses the opportunity to be considered for the program."

If more than 300 eligible employees apply to retire through the program, the Retirement Division will initiate a lottery process to select the final group. Eligible employees must apply for the incentive no later than July 31, 2009 by completing and returning required forms to the division. The last day on the job for employees voluntarily retiring through this program is generally August 31, 2009, with an effective retirement date of September 1, 2009.

To be eligible for the retirement incentive program a person must meet the following requirements:

- Be employed as a State of Vermont employee on June 1, 2009;
- Participate in either the defined benefit or defined contribution retirement plans;
- As of July 1, 2009, have either 30 years of service or will be age 62 with at least five years of service; and
- Have not initiated a purchase of service after May 1, 2009.

Incentives are calculated based on years of creditable service. Employees with five or more years of creditable service, but less than 15 years, will receive \$750 for each creditable year served. Employees with 15 years or more of creditable service will receive \$1,000 for each year of creditable service. The largest cash retirement incentive eligible employees may receive is capped at \$15,000.

Incentives will be paid in two equal amounts in fiscal years 2010 and 2011. The first payment will be made within 90 days of an employee's retirement date. The second payment will be made within 30 days of the one-year anniversary of the employee's retirement date.

In addition to the cash incentives, the State also will continue to pay 80 percent of the cost for the employee's premium for health insurance. This coverage is provided through the plan currently offered to State of Vermont retirees, as long as they maintain eligibility requirements for at least seven years following retirement.

"From a fiscal perspective, the retirement incentive program should essentially break even in year one and provide an opportunity for significant long-term cost reductions in future years," explained Spaulding. "The idea is that this program will enable the State to decrease the size of its workforce, but in a way that lessens the economic hardship on employees caused by layoffs. Achieving these savings will require administrative and budgetary discipline on the part of all branches of state government. Of the potentially 300 positions freed up by this program, the goal is to leave at least one-third unfilled. Effective monitoring and management of these vacancies will be critical to success."

The law does allow an employer to stagger the retirement dates of multiple retiring employees if necessary to continue normal operation of business. However, no retirement date will be later than March 1, 2010. No employee may return to State employment for at least one fiscal year without the approval of the Secretary of Administration for an executive branch employee; Chief Justice of the Supreme Court for a judicial branch employee; or the Speaker of the House and the President Protempore of the Senate for a legislative branch employee.

If needed, the lottery process will be instituted in early August. The 300 employees selected through the lottery process will receive estimate and final retirement paperwork by August 7.

The Treasurer's Office retirement staff will hold a number of group retirement seminars the week of August 10 in Montpelier for employees retiring through the incentive program. Employees with questions about their eligibility for the program should contact the retirement office by calling (802) 828-2305, or toll free in Vermont at 1 (800) 642-3191.