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Retiring TIMES

July/Aug. 2012



Vermont Municipal Employees' Retirement System



For visual artist Arthur Zorn, his hobby became a lucrative post-retirement career.

ENCORE CAREERS

What Opportunities Exist for Post-Retirement Employment?

Roll up your sleeves. Seventy percent of people currently employed say they plan to work for pay after they retire. That means most of us could benefit from doing a little career planning for a later-in-life job.

In their 2012 Retirement Confidence Survey, the Employee Benefit Research Institute reported more workers anticipated delaying retirement and working afterwards due to the poor economy (36 percent), lack of faith in Social Security or the government (16 percent), and a change in the employment situation (15 percent). While these are strong motivators to research future jobs, the survey also found that people liked working. Ninety-two percent of those people already retired and working said working allowed them to remain active and involved.

Nationally, industries and occupations projected to have the fastest job growth through 2020 were related to health care, personal care, social assistance, and construction.

National projections from the U.S. Bureau of Labor Statistics indicate that older Americans will be filling a greater share of future jobs.

Employees 55 years of age or older are projected to represent 25.2 percent of the work force in 2020, up from 19.5 percent today. Nationally, 54.8 million total job opening are projected through 2020. Of those, 61.6 percent will come from the need to replace workers who retire or otherwise permanently leave an occupation. Such a shift suggests older workers will find greater opportunities for changing their career paths.

Growth Trends in Vermont

Like the rest of the country, Vermont's work force must also make adjustments to accommodate the wave of Baby Boomers retiring within the next decade. Mathew Barewicz is the Economic and Labor Market Information Chief for the State's Department of Labor. He says that Vermont's population, as the second oldest in the nation, will need to grow to meet the anticipated labor demand created by retirements, or retirees will need to assume some of those openings as people shift careers. One of the growth areas for future employment is within the field of health care.

"National projections are forecasting that health care industries will stimulate significant job growth in health-related fields," said Barewicz.

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A Snapshot of Vermont's Labor Force

AGE	NUMBER	% OF LABOR FORCE	% OF VT POPULATION
16-24	45,100	12.6%	14.2%
25-54	223,900	62.7%	50.6%
55 & older	88,800	24.8%	35.2%

The Case for Pensions

Pension Plans are an Economic Driver for the State

by Beth Pearce, Vermont State Treasurer

Reliable and adequate income in retirement is not just good for the individual, but is important to the future economic prosperity of Vermont. When we consider economic growth, we generally think of things like new businesses, good paying jobs, high-quality schools, and sound infrastructure. Those are certainly a major part of the economic prosperity equation, but not all of it. The economic output provided by both our current public employees and retired members of the State, teachers and municipal retirement systems should not be overlooked.



Earlier this year, the National Institute on Retirement Security (NIRS) published an economic analysis study on pension benefit expenditures. The study analyzed the impact of the millions of dollars in pension checks that are spent by retirees within their local community and state. Based on fiscal year 2009 data for Vermont, researchers determined that the \$206.1 million in pension benefits paid to 13,935 retirees and their beneficiaries accounted for \$299.8 million in total economic output. The study calculated that pension expenditures supported some 2,459 jobs in Vermont that paid \$96.2 million in income. These expenditures also supported some \$61.2 million in tax revenue at the local, state and federal levels.

The return on these expenditures is even more significant when you consider the taxpayer contribution to the pension. In a defined benefit (DB) plan, such as the vast majority of Vermont's pension systems, the primary source of funds to finance retirement payments is interest earned on the investments. The source of those investment dollars come from employee and employer contributions. As those contributions are invested and earn interest over decades, the pension fund grows and far exceeds the amount of the initial contributions. According to the NIRS study, each single dollar in taxpayer contributions to Vermont's state and local plans support \$5.13 in total economic output.

Economic prosperity also can be measured in terms of the financial hardships experienced by individual Vermonters. When someone is unable to adequately meet their needs for food, shelter, transportation and healthcare they must rely on public assistance. Another study conducted by the NIRS and the University of Massachusetts showed that pensions play a vital role in reducing the risk of poverty among older Americans and a reduction in public assistance expenditures. In "The Pension Factor 2012: Assessing the Role of Defined Benefit Plans in Reducing Elder Economic Hardships," researchers found rates of poverty among older households without DB pension income were approximately nine times greater than the rate among similar households with a DB pension income. Furthermore, in 2010, governments nationally spent about \$7.9 billion less on public assistance to older households because of pension income.

The study determined that in Vermont the \$206.1 million in pension benefits paid to retirees accounted for \$299.8 million in total economic output.

In March 2012 the Employee Benefit Research Institute completed its Annual Retirement Confidence Survey. According to the report, American's confidence to retire comfortably is at historic lows. Just 14 percent report that they expect to have sufficient funds to live comfortably in retirement and 60 percent of workers report that the total value of household savings and investments, excluding their primary home, was less than \$25,000. Survey results like this reinforce the need for all of us to encourage participation in retirement plans. Retirement plans ensure funds are being saved today and invested over the long-term to secure some level of income in retirement.

Pension plans provide a stable source of income for working men and women who personally contribute to the plans--both financially and through years of service. The solutions to financial concerns about the sustainability of such plans must continue to be made in a way that promotes economic prosperity for the retiree, the taxpayer and for Vermont as a whole. That's a responsibility for the State Treasurer, your retirement board, and for all who want to ensure the future economic prosperity for Vermont's citizens.

RETIREMENT DIVISION PERSONNEL UPDATES!

Adriana Cheever joined the Retirement Division in January as a Program Technician I. She previously worked for 18 years as Administrative Secretary to the Vermont State Hospital's Health Information Chief. In that role, she dealt with a large volume of highly technical medical and legal information, with a focus on preserving client confidentiality. We also congratulate Katie LaRaus, Program Technician II, as the recipient of the Outstanding Public Service Award from the Treasurer's Office for Employee Public Service Recognition Week. She was recognized for her work on the division's database system and the extra effort she puts forth to help our customers. She also has worked hard to make the VMERS payroll reporting website efficient and user friendly for the 500 plus entities that she works with.

LEAVING EMPLOYMENT? DON'T FORGET TO...

If you leave employment and no longer qualify to contribute to the Vermont Municipal Employees' Retirement System, be sure and contact the retirement office with your questions or concerns. The office number is (802) 828-2305 or toll-free in Vermont at 1-800-642-3191. Situations that make it especially important that you contact us are: (1) You are ill, disabled, or unable to work due to illness or injury--you may be eligible for a disability retirement benefit provided you file an application within 90 days from separation from service; (2) You have a minimum of five years of VMERS service and you question if you are eligible to collect an early or normal retirement benefit; or (3) You accept a position that qualifies you to participate in either the State employees' or teachers' retirement systems--you may transfer your VMERS membership and creditable service provided you request the transfer within one year.



YOUR QUESTIONS ON BENEFICIARY FORM MAILING

We've received calls from members who recently received a request to update their beneficiary designations on their retirement accounts. Below are the two most asked questions.

Q: Why did I receive a new beneficiary designation form when I already have one on file?

A: VPAS, the new automation system for the three retirement systems, requires that we have Social Security numbers for all beneficiaries on file. We didn't require that in the past, so a new form must be submitted with that additional information. We will then be able to electronically transfer this information to VPAS and it will be available on our retirement screens should members contact our office with questions.

Q: Will my existing beneficiary designation still be in effect if I do not file a new form?

A. Yes, and it will be used if a new form has not been received. However, without the required Social Security numbers for your beneficiaries, any benefit that may be payable in the event of your death will be delayed while this information is gathered.

REMINDER: Even without the new requirement, it is always prudent to review and update your beneficiary designations every few years. More details are available in the December 2007 issue of *Retiring Times*, posted in the newsletter section on the municipal system page under the Retirement Division at VermontTreasurer.gov.



LEGISLATIVE NEWS

The 2012 Vermont State legislative session was relatively quiet for the Vermont Municipal Employees' Retirement System. However, the VMERS Board of Trustees was successful in getting legislative authority to allow the employee contribution rates to continue at their current levels for the period July 1, 2012 through June 30, 2013. As a result, the employee contribution rates as a percent of earnable compensation will remain at 2.5 percent for the group A plan, 4.5 percent for the group B plan, and 9.25 percent for the group C plan. The employee contribution rate that was established in 2000 for the group D plan continues to remain unchanged at 11 percent of earnable compensation.

The other significant legislation that passed was Act 156 (formerly S. 113). This Act, among other things, creates an incentive program to encourage the consolidation or merging of supervisory unions to maximize peak efficiency and services. The bill also included language to protect the VMERS benefits of some

employees who may see their employer change from such consolidations or mergers. The bill requires that special education instructional assistants and transportation employees currently employed solely by a school district to be transferred to employment by a supervisory union. The intent of the legislation is to ensure that these employees do not see their VMERS benefits reduced or eliminated if their employer changes from being a school district to a supervisory union.

"We are very pleased that we can guarantee our VMERS members will be able to continue to enjoy the excellent retirement benefits available to them even after transition to a new employer," said State Treasurer Beth Pearce.

Previous to passage of Act 156, if these employees were employed within a school district that offered VMERS benefits and their employer changed to a supervisory union that did not offer VMERS, the employees would lose their retirement benefits.

Employee contribution rates will remain at current levels.

(New Careers Continued pg. 6)

you want to do and try it out before you retire.”

Hoyt also recommends people remember their “bucket list” and set aside time to do some of those things they’ve always wanted to do. With the upcoming retirement of his wife, Hoyt plans to move on to other things.

For former State Department of Education employee Doug Dows, retirement was a time to return to work at a much-



Doug “Red” Dows

loved camp he had worked at when he was 19-years-old. Sporting a head of red hair, Dows came away from that early work experience with the nickname of “Red” and a love for the outdoors.

His best advice for those contemplating retirement is to plan ahead.

“I thought about what I wanted to do. When I retired, I called the director of the Kee-waydin camp and he had a job opening. This is my 18th year at the camp,” said Dows.

Dows works for the camp from April through Columbus Day, leaving time to serve as the President of the Queen City Pool League in Burlington. One of the teams he plays on recently won the Vermont State championship. He’ll be playing in the national championship in Las Vegas later this year.

Jack Mitchell retired in 2005 after working for 38 years as a custodian and bus driver for the Barre Town School. Prior to retirement, he also enjoyed working part-time as a law enforcement officer for the police departments in Barre and Barre town. Mitchell was a young retiree at age 58. He knew he wanted to continue working and found his previously part-time work provided him with the experience he needed to begin a second career.

“If you are younger than 65, you need to have something else lined up after retirement. Having health insurance was a big consideration for me because the VMER system doesn’t provide it,” explained Mitchell. “Even being single, I would have found it difficult to pay the health premium and have much money left afterwards.”

Mitchell interviewed with the Washington County Sheriff’s Department and was hired to work as a Security Officer for the Washington Family Court in Barre. He’s been employed full-time at the court since his retirement.

SOCIAL SECURITY FACT:

On May 1, 2012, Social Security unveiled an online system people can access securely to view their earnings & benefit information.

www.SocialSecurity.gov/mystatement

In the first two months, 1 million people created a “My Social Security” account and viewed their statement!

Director’s Corner

by Laurie Lanphear, Director of Retirement Operations

My name is Laurie Lanphear and I am the new Director of Retirement Operations. I began working in the retirement office on February 18, 1997 as a Data Clerk and then became a Program Services Clerk in October. In November of 2000 I was promoted to the Retirement Specialist position. I thoroughly enjoyed counseling members as they navigated through major life decisions. Over the years, I have had the opportunity to meet and help retire many devoted and wonderful members who I remain in contact with to this day.



In November of 2006, I was again promoted to Chief Retirement Specialist with supervisory responsibilities over the division’s team of retirement specialists. In January of 2011 I took on the challenge of Deputy Director of Retirement Operations, and then transitioned into becoming the Director of Retirement Operations.

I feel privileged to work alongside some of the most dedicated and hard-working people I have ever met who strive every day to bring the highest possible level of customer service to our members.

(Encore Careers Continued pg. 5)

for Aging and Work at Boston College published a report on the role of bridge jobs after career employment. The research brief notes that while older Americans frequently shift gears later in life by reducing work hours or changing jobs, retirement is no longer a one-time permanent event for many. That means employers may have greater access to older, skilled workers and a larger labor pool.

The report states, “The key to tapping into this resource is to understand how and why older Americans choose to remain working later in life, and to discover how best to harness this positive energy.”

For Vermonters, understanding the future job market and examining personal goals can be key to working in a meaningful post-retirement job. It will help ensure that a career encore provides a positive eventual exit entirely from the labor market.

Explore Careers

VERMONT ASSOCIATES

Through the Senior Community Service Employment Program, older Vermonters are placed in non-profit organizations to provide needed help & learn specific job skills.

1-(800) 439-3307

www.VermontAssociates.org

VT DEPARTMENT OF LABOR

There is a full array of services for job seekers.

(802) 828-4000, press 3

www.Labor.Vermont.gov

TOP 30 OCCUPATIONS

With Largest Projected National Employment Growth from 2010-2020



- Registered Nurses
- Retail Salespersons
- Home Health Aides
- Office Clerks - General
- Food Preparation & Serving Workers (includes fast food)
- Customer Service Representatives
- Heavy & Tractor-Trailer Truck Drivers
- Laborers & Freight, Stock & Material Movers
- Nursing Aides, Orderlies & Attendants
- Childcare Workers
- Bookkeeping, Accounting & Auditing Clerks
- Cashiers
- Elementary School Teachers (except special education)
- Receptionists & Information Clerks
- Janitors & Cleaners (except maids & housekeeping cleaners)
- Landscaping & Groundskeeping Workers
- Sales Reps for Wholesale & Manufacturing (except technical & scientific products)
- Construction Laborers
- Medical Secretaries
- First-line Supervisors of Office & Administrative Support Workers
- Carpenters
- Waiters & Waitresses
- Security Guards
- Teacher Assistants
- Accountants & Auditors
- Licensed Practical & Licensed Vocational Nurses
- Physicians & Surgeons
- Medical Assistants

SOURCE: U.S. Bureau of Labor Statistics, Feb. 1, 2012. Vermont specific data not available at time of publication. After Aug. 1, 2012, Vermont data will be available on-line at www.vtlni.info.

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Beth Pearce, Ex Officio Member, VT State Treasurer
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(Encore Careers Continued)

"Currently, approximately 19 percent of Vermont's jobs are in education and health related fields. It is anticipated that percentage will, at a minimum, hold steady if not grow."

Other major labor market areas in Vermont are trade (retail), transportation and utilities which comprise 19 percent of all jobs; total government (municipal, state and federal) at 18 percent; leisure and hospitality at 11 percent; and manufacturing at 10.5 percent. In the last available compilation of occupations with the largest number of projected future job openings in Vermont, two of the top five are related to health care and the remaining to hospitality and leisure. From 2008 to 2018, the top five occupations with the largest projected job openings in Vermont are:

We need to discover how best to harness this positive energy.

cashiers, personal and home care aides, retail salespersons, waiters and waitresses, and Registered Nurses.

According to the U.S. Bureau of Labor Statistics, the average

American born in the latter years of the baby boom held 11 jobs from the age of 18 to age 44. More than three-fifths of these jobs were held from ages 18 to 27. Such job shifts suggest that today's worker is accustomed to retooling personal skills for other employment opportunities. In Vermont, Barewicz notes that Vermonters tend to stay in the labor force longer than the national average as evidenced by labor force participation rates. Nationally, 17.4 percent of the civilian (non-military) population 65 years old or older is in the labor force versus 23.4 percent in Vermont.

"Anecdotally, some attribute it to the 'Yankee' mentality of working hard. Data does indicate Vermont has a higher average level of educational attainment which suggests that while we have an older workforce than the national average, it is more skilled," said Barewicz.

Retirement & Employment Projections

Earlier this year, the U.S. Department of Labor released its projections for job trends within the next decade. Industries and occupations projected to have the fastest job growth through 2020 were related to health care, personal care, social assistance, and construction. In occupations in which a master's degree is typically needed for entry, employment nationally is expected to grow by 21.7 percent—faster than the growth rate for any other education category. However, the majority of projected job growth nationally will be in occupations that do not require a post-secondary degree. Two-thirds of the 30 occupations projected to have the largest number of new jobs require less than a postsecondary education, no related work experience, and short- or moderate-term on-the-job training. (See Top 30 Occupations Chart) For those retiring from a long-tenured position in the job market, and not pursuing additional training, this could be good news.

Encore jobs refer to work in the second half of a person's life that generally combines continued income, more personally meaningful work and social impact. Five years ago, the Center

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Vermont Municipal Employees' Retirement System

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New Careers After Retirement: What's In Your Future?

What are retirees of the Vermont State Retirement System doing once they retire from their jobs? The short answer is--working. Whether as a volunteer or in a paid position, retirees in Vermont and the nation are finding post-retirement work provides a means to remain engaged in their communities and earn extra money, if needed. *Retiring Times* contacted some of these busy retirees from the municipal, State employees', and teachers' systems to see what new careers they were pursuing and what advice they have for others for later-in-life careers.

"I wanted to become a painter when I was young, but the realities of paying bills and stuff got in the way. Retirement is the time to act on those unfulfilled things."

– Arthur Zorn, Visual Artist & Retired Teacher

For former music teacher Arthur Zorn, what started as a way to supplement his retirement income, turned into a full-blown career. Zorn began painting while still teaching music at Spaulding High School. After retiring, he had more time to promote and develop his work. The result has been clients throughout the Northeast requesting his artwork. You can watch Zorn in action by going to www.youtube.com and entering in Arthur Zorn.

Former Chief of the Montpelier Police Department Doug Hoyt

says he thought retirement would give him plenty of time for the "ins" of life--fishin', golfin', and swimmin'. However, he found his 38 years of experience were in demand by employers. In the five years he's been retired, Hoyt has worked for the Vermont League of Cities and Towns, the U.S. Census Bureau, and the Town of Williston. He is currently finishing up his second stint as Williston's Acting Chief of Police.

"It's a huge mistake to look at retirement as a period of time where you're not going to do anything," said Hoyt. "Have an idea of what

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Doug Hoyt has found his experience in law enforcement is in demand. Retired for five years, he continues work as a consultant—most recently as Acting Chief of Police for the town of Williston.