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Wellness



Quality Work & Quality Living

Take advantage of wellness activities to build healthy lifestyle habits.

Retiring TIMES

Winter 2016



Vermont State Employees' Retirement System

OPTIMAL LIVING

Program Provides Motivation and Resources to Live Well

Would you want to live to be 100? According to U.S. Census Bureau projections, by 2050 one-in-five Americans will be 65 or older and at least 400,000 will be 100 or older. While many of us don't imagine we'll live to be 100-years-old, we do hope to enjoy our golden years engaged in life and healthy enough to enjoy our retirement.

One program aims to give both active employees and retirees the tools they need to live "well"—now and in the future. The LiveWell Vermont State Employees' Wellness Program offers wellness screenings, activities, flu vaccination clinics, workshops and an online wellness portal to promote good health.

"We focus on the root causes of wellness issues," said LiveWell Program Coordinator Maura O'Brien. "People today are looking more for a sense of work-life balance. Our programs help people identify their goals and focus on areas they are concerned about."

Wellness involves caring for the "whole" person—physically, mentally, socially and emotionally. The LiveWell program serves a wide age span of people. Among active employees, the average State

"I started using the wellness program out of a desire to maintain good health, strength and to age gracefully."

employee is 47-years-old and most likely has a job that keeps that person sedentary. Among retirees over the age of 65, the average retiree is 74-years-old. The most popular retiree wellness program is the flu shot clinics that are attended by approximately 300 to 400 retirees each year.

"I have always been conscious of staying active, but needed some new exercise routines as I've gotten older," said Joyce LeBlanc a job center specialist with the Vermont Department of Labor. "I started using the wellness program out of a desire to maintain good health, strength,

(continued pg. 4)

Applying the . . .

Six Dimensions of Wellness Model

The National Wellness Institute defines wellness as an active process through which people become aware of, and make choices toward, a more successful existence. Today, wellness involves more than just physical well-being. This model illustrates a personal holistic approach to wellness.

- **Occupational:** Achieving personal satisfaction and enrichment in your life through work.
- **Physical:** Recognizes the need for regular physical activity.
- **Social:** Encourages contributing to your environment and community.
- **Intellectual:** Recognizes the need for creative and stimulating mental activities.
- **Spiritual:** Recognizes our search for meaning and purpose in human existence.
- **Emotional:** Encourages awareness and acceptance of your feelings.



Image courtesy of National Wellness Institute, Inc.

Director's Corner

by Laurie Lanphear, Director of Retirement Operations

The retirement office has received numerous calls from retirees since the announcement that there would be no cost-of-living increase for retired members in January of 2016. This is not surprising since cost-of-living adjustments (COLAs) have resulted in an increase in pension payments in all but one of the 40+ years since the COLA legislation was enacted on July 1, 1972. The one exception occurred in January of 2010 when, based on a negative CPI as of the previous June 30, the COLA actually decreased pension payments for the majority of retired members.



In order to understand this unusual circumstance, it is important to recall what the COLA is intended to do. There is statutory language in all three Vermont public defined benefit retirement systems that specify how adjustments shall be made to retired members' pension payments in January, based on the Consumer Price Index as of the previous June 30. These same statutes define the Consumer Price Index as the Northeast Region Consumer Price Index for all urban consumers, designated as CPI-U. The CPI-U is designed to reflect the inflation rate on June 30 each year, as compared to the previous June 30. This comparison can be loosely described as "the buying power" of the dollar. According to the Northeast Region CPI-U, the inflation rate on June 30, 2015 was zero, meaning there was no change in the value of the dollar from the same time last year. Therefore, under existing law, there can be no COLA in 2016.

For more information about what is contained in the Northeast Region CPI-U, go to:

www.bls.gov/regions/mid-atlantic/news-release/consumerpriceindex_northeast.htm

FEES FOR 457(b) PLAN LOWERED

The per participant fee for the State of Vermont 457 Deferred Compensation Plan has been reduced by 30 percent. The deferred compensation program has been available since 1979 as a savings option for State employees, municipal employees and employees of participating school supervisory unions. The change is effective starting in the first quarter of 2016. The per participant fee will be lowered to 7 basis points, down from 10 basis points. The program is administered by EMPOWER Retirement. The Treasurer's office collects 12b-1 fees from EMPOWER, as well as a per participant fee that is a percentage of assets invested in the plan. These amounts are then used to pay administrative fees to EMPOWER. For example, with 7 basis points, participants would pay \$7 in fees for every \$10,000 invested. The reduction is a part of the Treasurer's office ongoing work to implement cost saving measures wherever available. It was determined that fees could be reduced based upon future projections of fee collections and expenses. This is the third reduction in participant fees made since 2011. As of June 30, 2015, there were 6,908 participants in the savings program. Total assets in the plan were valued at \$401.73 million.



UNDERSTANDING THE 1099-R

The tax statement for retirees that is generated and distributed in January is called a 1099-R. If you receive a pension from the Vermont State Retirement System, you should receive a 1099-R form in the mail no later than January 31, 2016. If you have not received your form by this date, please contact us by calling (802) 828-2305 or toll free in Vermont only at 1-800-642-3191. We have posted an article on our retirement web page that explains what each box on the form represents. Go to: www.VermontTreasurer.gov and click on the "Retirement" heading on the left side of the page. Once on the retirement page, look for "Make Sense of Your 1099-R Form."



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Retirement Board of Trustees

- Roger Dumas, Chair, VRSEA
- Beth Pearce, Vermont State Treasurer
- Andy Pallito, Commissioner, Dept. of Finance & Mgmt.
- Maribeth Spellman, Commissioner, Dept. of Human Resources
- Jay Wisner, Governor's Appointee
- Jeff Briggs, VSEA
- Tom Hango, VSEA
- Judy Rosenstreich, VSEA
- J.P. Isabelle, Alternate -VSEA
- Al Blake, Alternate-VRSEA

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Retiree Update

JAN FEB MAR APRIL MAY JUNE JULY AUG SEPT OCT NOV DEC

2015	65	27	20	31	41	32	37	26	14	148	27	39
2014	43	17	21	27	30	40	31	26	27	25	38	14
2013	45	18	26	25	27	22	42	26	25	30	31	16

AFFORDABLE CARE ACT: Information on Your 1095 Tax Form

Starting with the 2015 tax reporting season, all individuals will need to report to the IRS on health coverage that they had during the year. Tax penalties may apply to individuals for the months in which the individual was not covered.

What You Need to Know

Current Employees of the State:

The State of Vermont Department of Human Resources will provide a Form 1095-C containing employment and health benefit information to any individual, whether they were enrolled in State health benefits or not. The deadline to receive this form has been extended by the IRS to March 31, 2016. However, DHR expects to send these forms out near the end of January. If you have questions, please visit the Department of Human Resources 1095 information site at: <http://humanresources.vermont.gov/data/compliance-reporting/ACA/1095-tax-information>.

Retirees and Others:

Blue Cross and Blue Shield of Vermont (BCBSVT) will provide a Form 1095-B to individuals on a State of Vermont health plan and who are retired, enrolled in the plan's COBRA benefit, or enrolled in the plan, but not considered an employee of the State of Vermont, and were not enrolled in Medicare.

Q&A for Retirees

What is Form 1095-B and who will receive one?

Form 1095-B is a tax form that shows that you and your tax dependents have medical coverage. Every current or former State of Vermont employee and retiree who had medical coverage through the State health plan will receive a Form 1095-B. Receiving Form 1095-B does not mean that you owe income taxes on the value of the health care benefits that you receive. Please contact a tax professional if you are unsure of your potential tax liability.



Who will send my Form 1095-B?

Every former State of Vermont employee who enrolled on COBRA coverage and retiree who had medical coverage through the State of Vermont in 2015 will receive Form 1095-B from BCBS of Vermont. The Center for Medicare & Medicaid Services (CMS) will mail Form 1095-B to every participant enrolled in Medicare.

When will I receive my Form 1095-B?

The deadline for medical coverage providers to mail Form 1095-B to members has recently been extended from January 31, 2016 to March 31, 2016. Although the deadline has been extended, all efforts are being made by BCBSVT to mail forms out by February 1. If you expect to receive a Form 1095-B from BCBSVT and do not receive one by February 15, please contact BCBSVT customer service at 1 (888) 778-5570. Enrollees of Medicare and Medicaid will receive a Form 1095-B from CMS, as mentioned above. These forms may be mailed at a later date. If you expect to receive a form from CMS and do not receive one by March 31, 2016, please contact them at 1-800-MEDICARE (1-800-633-4227).

What do I do with my Form 1095-B?

You will use the Form 1095-B to verify medical coverage for yourself and your covered dependents for your federal income tax filing. It is important that this information is accurate or the IRS may assess the Individual Mandate Penalty.

What if I had medical coverage through the State of Vermont for part of the year and through another employer, carrier, or Medicare for the rest of the year?

Every medical coverage provider, including Medicare, that covered you and your dependents for any part of 2015 is required to send you a Form 1095-B. Each Form 1095-B will show the months that you were covered under that plan. Additional benefits such as dental insurance, life insurance, or short-term and long-term disability do not need to be reported and will not be included on Form 1095.

What if I cover an eligible dependent for medical insurance, but do not claim them on my taxes?

The Form 1095-B will be sent to the person who has medical coverage for the dependent, even if that person does not claim the dependent on his or her taxes. The person who receives the 1095-B is responsible for providing copies of the form to the person who is filing the tax return for the dependent.

What if I still have questions?

If you are a retiree and were covered by a medical plan through the State of Vermont and have additional questions, contact BCBSVT customer service at 1 (888) 778-5570.

and to age gracefully. I first participated in a class in my building and then began using the wellness portal. The challenges and activities make the program fun!”

Both active employees and retirees use the wellness portal. To reach the log on page for the portal, go to <https://mybluehealth.bcbsvt.com>. The portal allows you to create a personalized wellness program. All information entered is kept confidential. After completing a short health assessment, the program gives you a picture of your wellness risk areas. Depending on your interests, you can take advantage of a variety of resources on topics such as nutrition, exercise, and emotional well-being. The portal also allows you to track specific actions that are linked to annual wellness incentive programs.

“Our wellness incentive programs have proved very popular. Our 2015 challenge program, *One Life, Live it Well*, offered active employees in the medical plan up to \$150 for completion of specific wellness initiatives. We had 3,000 employees participate. We will be announcing new incentive programs for 2016 and hope to get even more people involved,” said O’Brien.

LiveWell Vermont communicates programming opportunities and information through a variety of methods including e-mail communications, postings at work sites, the Department of Human Resources website, on the wellness portal and on Facebook. Retirees are directly mailed information on wellness offerings open to them and those who have provided an email to the program also receive electronic notices.

Regardless of whether or not we live to the ripe old age of 100, the wellness program aims to help us get there in the best of physical and emotional health. For more information on the wellness program, contact Maura O’Brien via email at maura.obrien@vermont.gov or by calling (802) 828-2804.



Get to Know Your VSERS Trustee Board

by Roger Dumas, VSERS Board of Trustee Chair

It was my pleasure recently to be elected as the Chair for the Board of Trustees for the Vermont State Employees’ Retirement System. In June of 2015, Kevin Gaffney resigned from the board, and from his position as chair, due to a change in his employment status. I have served on the trustee board as both an active and retired member for 22 years, most recently as trustee vice chair and as a representative for the Vermont Retired State Employees Association (VRSEA). Prior to my retirement, I served for many years as the board chair and the representative for the Vermont State Employees Association (VSEA).



Roger Dumas

In reviewing changes on the board, I thought it would be helpful to shed some light on the membership structure of your state retirement board.

In future newsletters I hope to cover more on the background of each board member, the function of the board and related matters of interest.

The VSERS board serves both actively employed and retired members, as well as the beneficiaries of those members who have passed on. The system was established by Vermont statute, Title 3: Executive, Chapter 16. The retirement board itself is created under section 471. In summarizing the statute, the current board consists of eight trustees. The Vermont Pension Investment Committee (VPIC) is separate from the retirement board, with six representative members and a hired chairman.

The trustee board is well represented, with an equal balance of government and employee representative trustees. This combination of trustees brings a wide range of experiences and expertise that help the board function very well as a team. The responsibility of the board is to oversee the general adminis-

tration and operation of the retirement system.

The Governor’s designated representative to the board is Jay Wisner. There is only one designated/appointed trustee on this board. The board also includes State Treasurer Beth Pearce; the Commissioner of Human Resources, Maribeth Spellman; and the Commissioner of Finance and Management, Andy Pallito. These four trustees are viewed as providing an overall representation of State government, as well as the taxpayers of Vermont. The remaining four trustees include three active members of the VSEA – Tom Hango, Jeff Briggs and Judy Rosenstreich and one retiree member from the VRSEA, my current position. There also is an alternate for VSEA, Jean-Paul Isabelle, and an alternate for VRSEA, Allen Blake.

The VSERS board serves both actively employed and retired members.

Over the past year or so, due to changes in government appointees and retirements, we have had five new trustees join the board – Wisner, Spellman, Pallito, Rosenstreich and Isabelle all have become valued members of the board. The three active VSEA and alternate members are elected to the board for two year terms at the annual meeting of VSEA. The retiree and alternate members are elected for two year terms at the annual meeting of VRSEA. None of the board members are paid for their service on the board. Only expenses incurred for travel and education conferences are compensated. The trustee board is responsible for electing a chair and a vice chair. As I stepped into the role of chair, Tom Hango was elected to the vice chair role. The elected officers have no defined term limit and serve in their roles at the pleasure of the entire board.

It is a privilege and honor to serve as chair and work with an outstanding group of professional people.

Understanding Your Retirement Statement

Each year, actively employed members of the Vermont State Employees' Retirement System are mailed a computer printed statement that estimates the actual benefits an individual would receive through VSERS in the event of death, disability or retirement. New VSERS members receive their first statement, as part of the annual mailing, after they have worked one complete fiscal year. Members who have earned retirement benefits from VSERS and one or both of the retirement systems for teachers and municipal employees are "mixed members." To receive a statement, those members must contact the retirement office directly and request a statement be prepared and sent to them. To contact the retirement office, call (802) 828-2305 or toll free in-state only at (800) 642-3191. Below is an example of the statement section mailed to members that details an individual's retirement benefits. Be sure and carefully check your *entire* 2015 State Retirement Statement to verify that the retirement office has accurate information on your account, such as date of membership, beneficiary and address.

The example below is for Group F members of VSERS. If you are a member of Group A, C, or D, please consult our web site to better understand your retirement statement. Go to VermontTreasurer.gov/retirement.

Normal Retirement Date & Normal Clause

Your normal retirement date is the date under the retirement plan in which there is no reduction in your pension benefit based on your age or service credit. For members hired before July 1, 2008, your normal retirement date is the date you turn age 62 or have 30 years of service at any age, whichever comes first. For members hired on or after July 1, 2008, your normal retirement date is the date you turn age 65 or a combination of age and service credit that equals 87.

Normal Benefit

It is the benefit under the plan that you are projected to have earned upon reaching your normal retirement date.

Accrued Percentage & Effective Date

You earn retirement service credit for the time that you are employed and are enrolled as an active member in the system. This credit is represented in your pension benefit calculation as a percentage. When calculating your retirement benefit, we determine your Average Final Compensation (AFC) based on your highest three consecutive fiscal year earnings or the average of the last three years you've worked, whichever is higher. By law, the maximum pension benefit cannot exceed 50 percent of your AFC for members hired before July 1, 2008. For members hired on or after July 1, 2008, your benefit may not exceed 60 percent of your AFC. The accrued percentage in your annual retirement statement lets you know where you stand in relation to reaching the 50 or 60 percent thresholds.

Early Retirement Date & Early Benefit

Your current annual retirement statement is based on the data we have as of June 30, 2015. Under the plan are provisions that allow members to retire before their normal retirement date, but at a reduced monthly benefit. Members hired before July 1, 2008 are eligible for early retirement if they are age 55 and have at least five years of service credit. A 6 percent reduction per year will be imposed for each year under the age of 62. Members hired on or after July 1, 2008 also are eligible for early retirement at age 55 and five years of service credit. However, the reductions in benefit per year are based on the amount of service credit earned. Members with less service credit have larger reductions imposed on their benefit than members with more service credit. For example, members with less than 20 years of service credit who retire early will have an annual reduction in benefit of 6.67 percent, while members with 20 to 24 years of service will have a 5 percent yearly reduction. Prior to retiring early, members are encouraged to get an up-to-date estimate to learn the actual financial impact on their monthly benefit.

RETIREMENT

NORMAL RETIREMENT FROM THE SYSTEM:
Your estimated pension starting on **Normal Retirement Date** and payable for life is **Normal Benefit** a month. Normal retirement is **Normal Clause**. Your actual pension will depend on when you choose to retire.

You have accrued **Accrued Percentage** % of average final compensation at retirement effective **Effective Date**.

EARLIER RETIREMENT:
The earliest date you could retire from the System is **Early Retirement Date**. Your estimated pension from the System would be **Early Benefit** a month for life starting on **Early Retirement Date**.

All the estimates above assume you continue employment with the State of Vermont at your current level of earnings until you retire.

IF YOU TERMINATED EMPLOYMENT as a Vermont employee on **Effective Date**, you would be entitled to your choice of (1) a return of your accumulated contributions and interest of **Total Balance** or (2) an estimated pension of **Accrued Benefit** a month for life starting the first of the month following normal retirement age for your group.

Vesting Clause

FROM SOCIAL SECURITY:
You can obtain a free comprehensive Statement of Benefits which will include your estimated benefits under early and normal retirement by calling the Social Security Administration at 1-800-772-1213.

Terminated Employment Options

A member is considered vested in the system after earning five years of creditable service. Vesting gives a member the right to keep all of their service credits and qualify for a monthly benefit upon reaching normal retirement age for their group. Vested members also may withdraw their contribution balance and interest instead of receiving a pension. This section of your annual statement tells you what your contribution balance is and what your pension benefit would be if you leave your contributions in the system. The vesting clause tells you whether or not you are currently vested in the system.

Wellness in Winter! Stay Healthy this Season

Want to stay healthy this winter? The Vermont Department of Health offers these recommendations to stay well in winter.



- Get vaccinated against the flu.
- Install a carbon monoxide detector in all sleeping areas.
- Make non-alcoholic beverages available at parties.
- Move more.
- Turn off the TV.
- Skip the buffets.
- Get your home tested for radon gas.
- Use an EPA-certified woodstove.
- Make sure wood is dry and seasoned.
- Wash your hands often.
- Stay home if you are sick!

“Staying healthy and keeping everyone around you healthy requires preparation, but the payoff is you can enjoy everything Vermont has to offer during the winter months,” said Dr. Harry Chen, Commissioner of the Vermont Department of Health. “A cup of tea in front of the fireplace after a long cross country ski — it doesn’t get any better than that.”

Actions that everyone can take to stay healthy and keep illness from spreading include covering your mouth and nose with a tissue or your sleeve every time you sneeze or cough, using a hand sanitizer if soap and water are not available, and keeping your hands away from your eyes, nose and mouth.

For more tips on how to stay prepared, safe and healthy this winter, visit: www.CDC.gov/features/winterweather.