

# Vermont State Employees' Retirement System

Volume 3, Issue 3

November 2004

## DIRECTOR'S CORNER

### IMPORTANT TAX WITHHOLDING INFORMATION

It is getting to be that time of year again when we need to make sure our tax withholding information has been updated to reflect our current financial picture.

Effective January 1st of each year new tax tables are implemented, based on changes in state and federal tax laws. Since the majority of your retirement benefits are subject to federal and state taxes, don't forget to periodically review your tax withholding information. If your tax withholding is not adequate, you may have to pay estimated taxes during the year or a tax penalty at the year's end. You may elect no withholdings, or specify withholdings based on marital status and allowance. You may have Vermont state taxes withheld from your retirement benefit, but we cannot withhold taxes for another state.

I want to take this opportunity to remind everyone that Vermont moved to tax tables for 2004 and those tables will be updated for the 2005 tax year. Additionally, federal IRS tax

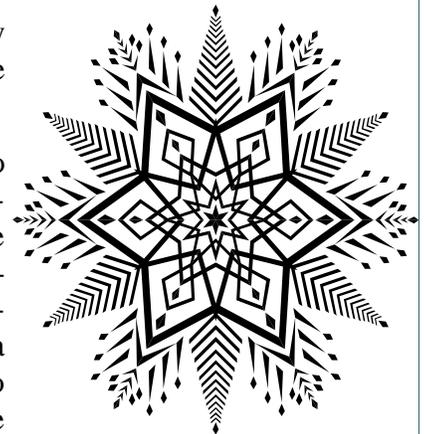
Continued on page 2

## Retirement—It's where the action is!

Have you been to our office lately? Things may not look any different, but they are. In addition to adding **Michael Clasen** to the staff as Deputy Director of Retirement Operations, we've done some other re-organizing. Michael has 11 years of service and comes to us most recently from the State Auditor's Office where he served as the Deputy State Auditor, and prior to that spent some time in Finance & Management and the Department of Aging & Disabilities. We're confident that with his "attention to detail" we've gained an asset,

and are feeling very fortunate that he agreed to join us.

One of our goals is to serve you, our customer. So after some thoughtful consideration and the recommendations of a consultant who evaluated the way we do business, and with Michael's help, we've divided the retirement office services into three sections: employer services, employee/retiree services, and accounting services. We believe with this new focus on providing the service you expect, we will be more efficient and more responsive to



your needs.

We've also installed a new telephone system which offers the caller a short list of options to choose from. This move was to better direct callers to where they want to be rather than having to be transferred unnecessarily. Feel free to let us know what you think.

## Fund Changes Being Made to the 457 Plan

On **November 30, 2004**, the 457 Plan will be **adding** eight new investment options: *Calvert Income Fund*, *American Funds Growth Fund of America*, *Vanguard Mid-Cap Index Fund*, *T. Rowe Price Retirement Income Fund*, *T. Rowe Price Retirement 2010 Fund*, *T. Rowe Price Retirement 2020 Fund*, *T. Rowe Price Retirement 2030 Fund*, and *T. Rowe Price Retirement 2040 Fund*.

In addition, after careful review the Vermont State Employees' Retirement System Board decided to **discontinue** the following five mutual funds and three profile portfolios effective **November 29, 2004**: *AIM Constellation Institutional*, *Fidelity Magellan*, (SEE BACK PAGE)

## OPEN ENROLLMENT REMINDER & PREMIUM HOLIDAY NOTICE

This is a reminder that November is open enrollment month for state retirees who wish to change health insurance plans in January. The Employee Benefits Division of the Department of Human Resources will be sending out more complete information regarding the open enrollment procedures.



In a 9-30-04, press release, Gov. Jim Douglas announced an insurance premium holiday for State employees and retirees. According to

the press release: A continued focus on chronic care, disease management, preventative care, and wellness has helped reduce insurance claims in the State of Vermont's health plan resulting in a rate premium holiday for the month of December. The rate holiday will be reflected in your 11-30-04 pension payment. The out-of-pocket savings to participants in the health care plans will range from \$38 to \$264 depending on your insurance coverage.

### January 1 Pension Increase

Effective January 1, the following annual cost-of-living increase will be added to qualified retiree checks.

Group A, C, and D members must be retired a full twelve months to receive an annual increase.

Group F members must have retired with a minimum of 30 years, or age 62 to receive the increase after twelve full months of retirement.

Group A, B, C, and D = **3.30%**  
Group F = **1.65%**

If you have any questions, please call the retirement office.

## DIRECTOR'S CORNER (continued from page 1)

laws no longer permit taxpayers to withhold an absolute amount from their pension income.

I encourage you to review your tax status and make any necessary changes if you are currently having an absolute amount withheld. I suggest you contact your accountant or tax advisor with any questions regarding your tax status as the Retirement Office cannot provide tax advice to our members.

If you would like to start, change, or stop your Federal or State tax withholding, please contact our office for the appropriate withholding forms by calling 802-828-2305, or 1-800-642-3191 toll-free within Vermont.

The forms can also be accessed via the Internet at the following Web sites: State of Vermont Tax Forms - <http://www.state.vt.us/tax/2004withholding.htm>, and Federal IRS Tax Forms - <http://www.irs.ustreas.gov/formspubs/index.html>.

## Project Gratitude

It seems that nearly everyone knows someone who has been sent far from home to fight for and protect freedom. We think the men and women doing that job need and deserve our support.

The employees and administration of the Vermont State Treasurer's Office are touched by the sacrifices made on our behalf, so we decided to initiate our own "Project Gratitude" last June.

Five boxes filled with items including flea collars, foot powder, gum, batteries, and even a couple of water pistols were sent to members of the Vermont National Guard stationed in Iraq. The boxes were planned to arrive on July 4th. It was a small gesture of appreciation from us and it gave our small group of 34 co-workers a sense of great pride and satisfaction knowing these items could bring some pleasure and comfort to our fellow Vermonters, so far away.

As you read this article we have launched our second "Project

Gratitude" campaign for a Christmas delivery. In addition to our traditional holiday celebrations, we'll be sending gifts and items to service men and women who can't be home for the holidays.

Our hope is that our gifts, greeting cards, and notes make someone far away feel a little bit closer to home.



\*\*\*\*

## STRAIGHT FROM THE BOOK

### ANNUAL STATEMENT OF BENEFITS

Each Fall, a computer printed statement is mailed to active members of the system. These statements should be checked over carefully to verify if we have accurate information on the member's account, i.e., date of membership, beneficiary, address, etc. The statement date is as of June 30 of the year sent. The first annual statement would be mailed to a new member in the Fall after completion of a full fiscal year of earnings (July 1 - June 30).

The first paragraph explains what a member would receive if he/she continues working to normal retirement age. The second paragraph explains what a member has earned to date and what a member would receive if he/she were to terminate their job immediately. The statement is calculated based on current salary. All the figures are annual amounts. The third paragraph shows what the member's contributions are to date and the interest that has accrued. This paragraph also shows who is designated as primary beneficiary, or if a beneficiary isn't named, ESTATE will appear. If members have questions regarding the annual statement, they should call our office. It is also very important that addresses are kept up-to-date with the office so that this and other mailings will reach all members.

### ADDRESS CHANGES

If you have retired and your address changes, please let us know in writing as we cannot accept an address change over the phone. We need your signature to change your address in our records. This requirement is meant to protect you.

Please notify us of any address change

during 2004 before the end of the year. In January, we will send your tax form to the address that we have. If your address is wrong, you will not receive this tax form.

\*\*\*\*\*



### RETIREMENT PLANNING

If you are planning on retiring within the next year, please call the Retirement Office to set up a counseling session with one of the System's very capable Retirement Specialists.

**Laurie Lanphear** and **Kristine Boswell** are extremely knowledgeable and can help answer your questions regarding topics including benefits, health insurance, and direct deposit, to name a few.

Pre-retirement seminars are regularly offered each Spring and Fall in both Waterbury and in Montpelier. You may receive information regarding scheduling and availability at one of the *Retirement Issues Seminars* through the Cyprian Learning Center.

### 281 RETIRE JULY 1st

The retirement office was very busy during the month of July. In addition to 19 state employees and 24 municipal employees, the four retirement specialists, accountant, and remaining six staff members managed to process 238 July 1st teacher retirements.

On September 1st one of the State's longest lasting employees also decided to call it a day... Our best wishes go to Steve Zuanich, Human Resources Payroll Director, who retired at the end of a 49.99-year career with the State of Vermont.

On October 31st, our own William "Bill" Norton, Treasurer's Office Audit Compliance Director, retired

### Retirement Board of Trustees

Chair: **Warren Whitney, VSEA**

Members:

**Jeb Spaulding, Vice-Chair**

*State Treasurer*

**Robert Hofmann, Commissioner**  
*Dept. of Finance & Management*

**Cindy LaWare, Commissioner**  
*Dept. of Human Resources*

**Richard Johannesen,**  
*Governor's Appointee*

**William Harkness, VSEA**

**Robert Hooper, VSEA**

**Janice Abair, VRSEA**

**Catherine Simpson, Alternate**  
*(VSEA)*

**Wayne Calderara, Alternate**  
*(VRSEA)*

Director of Retirement Systems:  
Cynthia L. Webster  
133 State Street, 2nd Floor  
Montpelier, Vermont 05633-6901  
828-2305 or 800-642-3191 (In-State)

*Retiring Times* is published by the Vermont State Employees' Retirement System.

Editor: Donna Holden

with 41 years of State service. We'll all miss Bill, but we know how glad he is not to have to travel "over the mountain" from Lincoln, VT, this winter.

People like these are hard to replace, and will be missed. We offer our sincere...

Congratulations—to one and all!

## Fund Changes Being Made to the 457 Plan—continued from page 1

*Janus Enterprise, Morgan Stanley Small Company Growth, Seligman Frontier Fund, T. Rowe Price International Stock Fund, Aggressive Profile Portfolio, Moderate Profile Portfolio, and Conservative Profile Portfolio.*

Effective *November 29, 2004*, eight investment options will be discontinued, and a process called **“mapping”** will occur. After market close on *Monday, November 29, 2004, through mid-morning Tuesday, November 30, 2004*, **no participant transactions will be allowed**. During this period, future contributions and existing account balances in these discontinued investment options will be **directed or “mapped” to the replacement investment option**.

The mutual funds are being discontinued because their long-term performance no longer meets the criteria established in the Board’s Investment Policy. The profile portfolios are being replaced because the board feels that “age-based” lifecycle funds are more appealing to participants because the combination of assets changes as you grow older.

The Board encourages you to take the time to evaluate your 457 Plan account to ensure that your personal retirement savings are working to your best advantage and helping you plan your financial future. For additional information about these exciting changes, call KeyTalk® at (800) 457-1028, or visit the Web at [www.vermont457.com](http://www.vermont457.com).

### DID YOU KNOW...

*“Henry Lewis, a professional pool player in the 1920s, dropped 46 balls in a row using his nose as a pool cue!”*

### TREASURER’S MISSION

We Strive to:

Be the best treasury in the USA;  
Offer the best customer service possible;  
Do our part to make this office a great place to work;  
Give Vermont taxpayers an excellent value.

Vermont State Employees’ Retirement System  
Office of the State Treasurer  
133 State Street, 2nd Floor  
Montpelier, VT 05633-6901

PRSRT STD  
U.S. Postage  
**PAID**  
Burlington, VT  
Permit No. 601

*We’re on the Web @*  
[www.vermonttreasurer.gov](http://www.vermonttreasurer.gov)