

Retiring *TIMES*

Vermont State Teachers' Retirement System



Supplemental Retirement Update

Effective February 2018, the Treasurer's Office transitioned the supplemental retirement plans to Prudential. The plans now administered by Prudential are the State Defined Contribution Plan, the Municipal Defined Contribution Plan, the 457b Deferred Compensation Plan, the Teachers' 403(b) Plan, the Municipal Retirees Health Savings Plan, and the Single Deposit Investment Account. If you are a participant in one or more of these plans and have not registered to access your account online, you can register by visiting vermont.retirepru.com.

Prudential Retirement recently released security upgrades to their online account portal. If you registered your account with Prudential prior to November 20, 2018, you will need to reestablish your account by selecting a new username and password. In order to re-register your account, visit vermont.retirepru.com. If you have additional questions about your supplemental retirement plan or would like to update your beneficiary, please contact Prudential at (877) RET-VERM.

Please note, the transition to Prudential did not impact the State, Teacher and Municipal Defined Benefit Plans ("pensions"). If you have questions about your pension plan, please contact the Retirement Office at (802) 828-2305.

Allowance Earnings for Retired Teachers

Vermont teachers/administrators that are retired and drawing a monthly pension from the Vermont State Teachers' Retirement System are allowed to work part time in a public school in Vermont provided their total earnings from their qualifying teaching position between July 1, 2018, through June 30, 2019, **does not exceed \$36,600**. If you are retired and expect you will earn more than the allowable amount by the end of the fiscal year, you should contact the Retirement Office immediately for more information regarding the impact for continued receipt of your monthly allowance.

COST-OF-LIVING ADJUSTMENT FOR CALENDAR YEAR 2019

Effective with the pension payments dated January 31, 2019:

Groups A: 2.60%

Groups B & C: 1.30%

Make Sense of Your 1099-R Form

The tax statement that is generated for retirees is called a 1099-R. This is the retired version of a W-2 statement issued to active employees. If you receive a pension from a public pension plan in Vermont, you should receive a 1099-R form in the mail no later than January 31, 2019. Please call our office immediately at (802) 828-2305 or toll free in Vermont at 1-800-642-3191 if you do not receive this form when expected.

This information is intended to assist retirees by explaining what each box on the 1099-R represents. The descriptions below only identify those boxes on the form that are used by the Vermont State Retirement System for reporting your pension to the IRS.

- BOX 1** Displays the gross amount of the pension you have received during the preceding calendar year, before any deductions have been withheld.
- BOX 2a** Displays the taxable amount of the pension you have received during the preceding calendar year. In some cases, boxes 1 and 2a reflect the same amount. If the amount in box 2a is smaller than the amount in box 1, it means that you made contributions into the retirement system while actively employed that you paid taxes on, and therefore, those same already-taxed contributions will not be taxed again in retirement.
- BOX 4** Displays the total amount that has been withheld for federal taxes, based on your filing status, during the preceding calendar year. If the amount in box 4 is blank, then you have either elected not to withhold federal taxes, or your filing status results in a -0- withholding.
- BOX 5** Displays the portion of the total pension reflected in box 1 that is not taxable. If box 5 is blank, it means that your pension is fully taxable. NOTE – this box can be confusing as it appears to indicate that insurance premiums should be displayed here. Our system does not use this box for insurance premiums, nor is it a deduction of any kind.
- BOX 7** Displays the IRS code for a pension distribution.
- BOX 12** Displays the total amount that has been withheld for Vermont State taxes, based on your filing status, during the preceding calendar year. If the amount in box 12 is blank, then you have either elected not to withhold Vermont taxes, or your filing status results in a -0- withholding.
- BOX 13** Displays the state to which the withholding was paid and the payer's federal identification number.
- ACCOUNT NUMBER** Displays your unique retirement system identification number.



DIRECTOR'S CORNER

By Laurie Lanphear

It is with mixed emotions that I am announcing my plan to retire on January 1, 2019. I began my State employment almost 22 years ago in the Retirement Division of the State Treasurer's Office, and am ending my employment here as well.

Although I have held several positions within the office, I have always worked closely with people, which has been the BEST part of my tenure. I initially worked primarily with Payroll Officers within public school systems throughout the state, then quickly moved into a Retirement Specialist position, where I had the pleasure of meeting with public employees belonging to the State, Teachers' and Municipal Retirement Systems. I was subsequently promoted to Chief Retirement Specialist, then Deputy Director of Retirement Operations. In 2012 I became Director of Retirement Operations.

I have come to admire, respect and truly enjoy the diversity of the hard-working Vermonters I have met and spent time with. I will miss the opportunity to continue that part of my job the most. I consider myself very fortunate to have had such a rewarding and interesting career.

That being said, however, I feel it is time to focus on my main priority, my family. My husband of over 42 years, our two children and our 4 grandchildren, plus our two dogs (an important part of our family as well!) deserve more of my time, which I am anxious to provide. We have a lovely vacation home on the coast of Maine, and I hope to be there with my family a lot next summer.

I wish to sincerely thank everyone I have had the privilege of working with. I am especially appreciative of the outstanding, dedicated and caring staff I have spent so many hours with throughout the years. You will be missed but not forgotten.

"We would like to thank Laurie Lanphear for her many years of outstanding service on behalf of Vermont's public employees. We are grateful for your hard work and service."

*-State Treasurer
Beth Pearce*



OUR PRIORITY IS RETIREMENT SECURITY

By Beth Pearce, Vermont State Treasurer

Employees in the State, Teachers, and Municipal retirement systems provide essential public services for Vermont. You commit your professional life to improving the future of our state through public service. I want to thank all current and retired system members for their years of dedication and hard work. As State Treasurer, my job is to protect taxpayer dollars and strengthen our state's financial future. Retirement security is critical to that effort. The three public pensions systems serve as a win-win in this regard for employees as well as taxpayers.

Retirement benefits are not merely an expense for the State of Vermont; they are an important economic driver. Retirees with adequate and reliable income buy goods and services which, in turn, creates jobs and economic activity across the state. According to a nationwide study conducted by the National Institute of Retirement Security, retiree spending of pension benefits in 2014 generated \$1.2 trillion in total economic output, supporting some 7.1 million jobs across all states. In Vermont, retiree expenditures attributable to state and local pension plan benefits supported 2,809 jobs for Vermonters. Moreover, 75% of retirees in the VSTRS plan, 78% of retirees in the VSERS plan, and 83% of retirees in the VMERS plan, continue to reside in Vermont where they pay Vermont taxes and contribute to the local economy.

Vermont's public retirement systems, like all retirement programs, were adversely impacted by the Great Recession. In Vermont, these setbacks are exacerbated by significant underfunding that took place in the late 1990s and early 2000s. Changes have been implemented over the past several years to preserve essential benefits while saving the taxpayers an estimated \$1.3 billion by 2038, the year set in statute that we are scheduled to pay down the unfunded liability. We are currently on track to retire the unfunded liability of our public pensions and have worked collaboratively with the Administration and the Legislature to achieve full funding. As an employee, you have been an important partner, stepping up to increase your contributions and invest to enhance the sustainability of the plans.

Defined benefit pensions provide needed retirement security and are cost-effective to the taxpayer. They are professionally managed, take advantage of economies of scale and lower fees, and have well-diversified portfolios. Roughly 70 cents out of every dollar paid to retirees is generated through investment income. As the State of Vermont focuses on economic development, it is important that we look at how retirement security for all employees, both public and private, improves our bottom line. A secure retirement reduces elderly poverty and lowers the need for individuals to rely on state and public assistance. In short - it is about achieving a lifetime of financial well-being and dignity in retirement for every Vermonter.

Did you know?

You have the option to receive a paper copy of the Retiring Times newsletter by mail? To make a request, call the Retirement Division at (802) 828-2305 or send an email to Treasurers.Office@Vermont.Gov.