

Retiring Times

Volume 1 Number 1

Municipal Employees

Spring 2001

Message from Vermont State Treasurer James Douglas

You are probably aware that this past year has seen quite a roller-coaster ride in the financial markets. I would like to take this opportunity to reassure you of the integrity of your pension system.

The pension fund is diversified over several different asset classes. These asset classes behave very differently from one another. Thus, some asset classes will grow rapidly in value while others are sluggish or even going down. Overall, however, the total value of the pension fund increases almost every year. That is exactly why we diversify the asset classes in the pension fund.

Diversification works. Despite the market volatility, your pension fund has performed well, returning 3.46% during 2000. This is above the median return of

3.03% among other public sector retirement systems. Over the past five years, the average annual return has been nearly 14%, and for the past decade it's been just under 13%. The total assets in the fund at year's end were \$171.7 million, while we paid out only \$3.2 million in benefits during the past fiscal year. So the uncertainty of the capital markets is not affecting the security of pension benefits.

For those of you in the Defined Contribution (DC) plan, the alternative retirement program that is offered in some municipalities, this same maxim holds true. To withstand the ups and downs of different asset classes and provide for stable asset growth, it is important to diversify your own portfolio. Stocks are the best per-

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Message from Retirement Operations Director Cynthia Webster

This newsletter represents the first in our continuing series of quarterly newsletters. The newsletters will bring timely and useful information to you regarding the Vermont Municipal Employees' Retirement System (VMERS).

Regular quarterly newsletters are now possible due to the creation of a new position within the State Treasurer's Office. I would like to welcome Joe Bahr, our new Information and Education Specialist who, among other tasks, will be responsi-

ble for producing these newsletters. In his capacity as Editor, Joe will be bringing you news of current activity, as well as important on-going education of the various benefits available through your retirement plan.

We hope to feature one to two specific benefit provisions each quarter and

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forming asset class over the long term, and for those of you who have many years to go until retirement, your entire portfolio can be invested in different types of stock funds. However, as you get closer and closer to retirement age, it may be prudent to put some portion of your portfolio in less volatile investments, such as bonds.

Fidelity Investments, the company that administers the DC plan, is scheduling a series of workshops around the state later this year. These will give plan participants the oppor-

tunity to learn more about investment options and retirement planning. Feel free to contact Fidelity directly if you have any questions about the DC plan. Information on the workshops will be mailed directly to DC participants. If you are not in the DC plan, you're more than welcome to attend and can contact this office for information on workshop schedules.

We are here to help. You are always welcome to get in touch with our office if we can be of any assistance.



Legal Notice

Legal Notice

Election of New Trustee to Represent Municipal Employees

Municipal employees elect three of the five members on the retirement Board of Trustees.

Retirement Board Trustees

Chair: Steve Jeffrey

Ex Officio Member:
James Douglas, Vermont
State Treasurer

Governor's Delegate:
Sheldon Prentice

Municipal Employees:
W. John "Jack" Mitchell
David Lewis

Director of Retirement Operations:
Cynthia Webster

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The term of one elected member, Steve Jeffrey, ends on July 1, 2001. An election will be held in June to fill this vacancy. Municipal employees must submit their nominations by May 11, 2001.

Trustees are responsible for the investment of the retirement funds and operation of the retirement system. They serve for three years, attend quarterly investment meetings and hold business meetings as needed. Trustees often schedule a business meeting

every month.

Nomination petitions for an individual must contain the signatures of at least five municipal employees who are members of the retirement system. Nominations should also include a brief biographical sketch of the candidate and a statement to the voters that describes why the individual would like to be a Trustee and his or her qualifications for the position of Trustee.

If only one person is officially nominated for the position of Trustee, no election will be held. In this case, the Board of Trustees would simply appoint the sole nominee to the vacant Trustee position.

If you would like more information on how to qualify as a candidate or the procedure for completing a nomination paper, please contact the Municipal Employees' Retirement System at 802-828-2305 or 1-800-642-3191. (Toll free calls must be dialed from within Vermont.)

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provide you with an in-depth explanation of how the benefit works and what it might mean to you as a VMERS member.

We also intend to include a ***Question and Answer*** section as space permits where we will provide short, plain-English responses to frequently asked questions.

I would like to encourage you to write Joe and let him know what type of articles or specific questions you would like addressed in future newsletters. He may be reached at the following:

Joe Bahr, Information & Education Specialist

Vermont State Treasurer's Office

133 State Street

Montpelier, Vermont 05633

OR

e-mail: jbahr@tre.state.vt.us

Our goal is to make this newsletter as helpful and educational as possible for ***you***, our valued members.

Cynthia L. Webster

Military Service Survey Results and Report to the Legislature



Every member was mailed a survey on his or her military history in November. The results have now been tallied. These results include the State Employees', Teachers', and Municipal Employees' Retirement Systems.

Among active members, 577 people returned surveys. They had a total of 3,358 years of military service, including the national guard and reserves. Just over half of those years either are or could potentially go toward earning a military pension. Under current Vermont law, these years of military service cannot be used for a civilian government pension if they are already being used for a military pension.

Among retired members, 1,123 people returned surveys. They had a total of 5,498 years of military service, including guards and reserves. Just under half of all the years that were reported either are or could poten-

tially go toward earning a military pension, and thus under Vermont law cannot be used for a civilian government pension.

The survey was one part of a comprehensive study by the Vermont State Treasurer's Office on credit for military service in the retirement systems. This study was mandated by the 2000 Legislature to determine how much military service is being used for retirement credit in Vermont, how that compares with the rest of the country, and whether any adjustments to current law should be considered.

The study resulted in four recommendations from the State Treasurer's Office to the Vermont Legislature. First, Vermont law should be amended to permit individuals who served in the guards or reserves to earn

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Military Service (continued from page 3)

credit towards both a military and civilian government pension for military service.

Second, Vermont should provide a one-time stipend to beneficiaries of the State Employees' and Teachers' Retirement System who served in the military and met the legal eligibility criteria, but were unable to obtain credit prior to retirement.

Third, Vermont should give credit towards retirement for all periods of absence to serve in the military – regardless of when served – if the individual returns to work within a specified period of time after military service.

Fourth, Vermont should give members of

the Municipal Employees' Retirement System an option to purchase military service comparable to the existing provisions for State employees and teachers, provided the option is cost-neutral to the retirement system. ("Cost neutral" means that the price of purchasing the military service credit would – with interest and other gains in value – be able to pay for the increased pension benefit to the member.)

DID YOU KNOW?

The Defined Benefit plan has more than 6,000 municipal members and the Defined Contribution plan has more than 220 members.

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