Vermont Population Dynamics

Labor Demand > Labor Supply
It's a seller's market

February 2020	January 2022
Unemployed: 9,000	Unemployed: 9,000
Openings: 16,000	Openings: 27,000
Quits: 7,000	Quits: 10,000
1 unemployed person for every 1.8 job openings	1 unemployed person for every 3.0 job openings

Vermont Labor Force

Annual Average, 2005 - 2021

Year	Value
2005	
2006	355,394
2007	
2008	353,986
2009	
2010	359,692
2011	
2012	353,947
2013	
2014	348,697
2015	
2016	345,851
2017	
2018	356,456
2019	
2020	341,137
2021	328,216

.
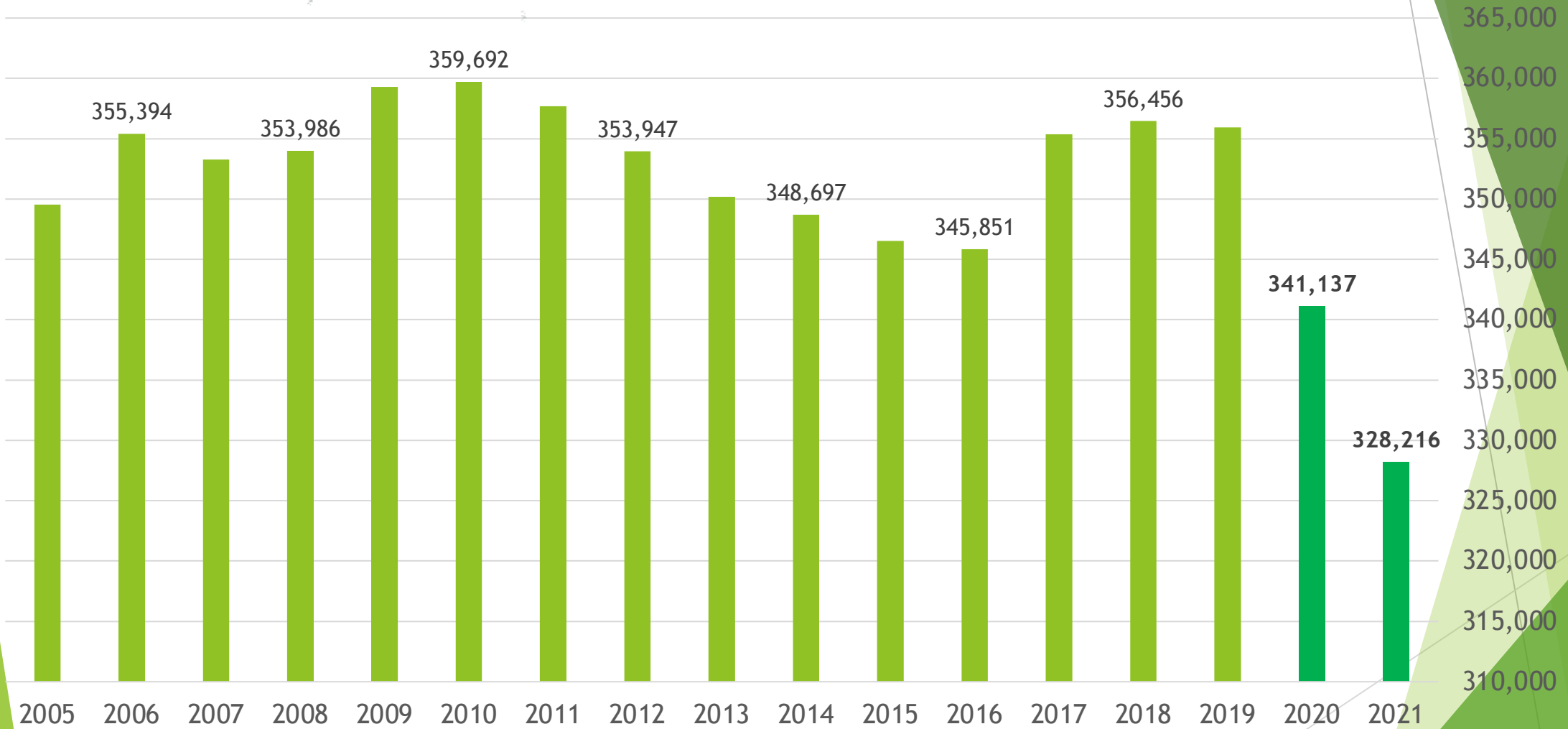
Population by Age
2000, 2010 and 2020

Age	Numbers			Share		
	2000	**2010**	**2020**	**2000**	**2010**	**2020**
0-4	33,989	31,952	29,038	5.6%	5.1%	4.7%
5-14	86,498	72,291	65,266	14.2%	11.6%	10.5%
15-19	45,770	46,012	42,255	7.5%	7.4%	6.8%
20-34	112,419	113,473	119,897	18.5%	18.1%	19.2%
35-54	195,721	180,962	151,414	32.1%	28.9%	24.3%
55-64	56,920	89,973	95,598	9.3%	14.4%	15.3%
65+	77,510	91,078	120,872	12.7%	14.6%	19.4%

Source: American Community Survey 5-year estimates; US Census Bureau.

Population estimates are anchored to the 2010 decennial census and therefore, 2020 figures do not reflect the results of the 2020 decennial census.

- ▶ The population of Vermonters aged 65+ increased by 43,362 (55.9%) between 2000 and 2020.

- ▶ The population of Vermonters aged 20-34 has increased by 7,478 (6.7%) since 2000.

- ▶ In 2020 Vermonters aged 55+ made up 34.7% of the state population verses 22.1% in 2000.

- ▶ In 2020 Vermonters under the age of 20 made up 21.9% of the state population verses 27.3% in 2000

- ▶ In 2020 there were 17,499 (4.6%) fewer Vermonters aged 20-64 than there were in 2010.

FRED — Labor Force Participation Rate - With No Disability, 65 Years and over
— Labor Force Participation Rate - 25-54 Yrs.

Shaded areas indicate U.S. recessions. Source: U.S. Bureau of Labor Statistics myf.red/g/Ox5j

County Labor Force Data: Percent Change since Peak
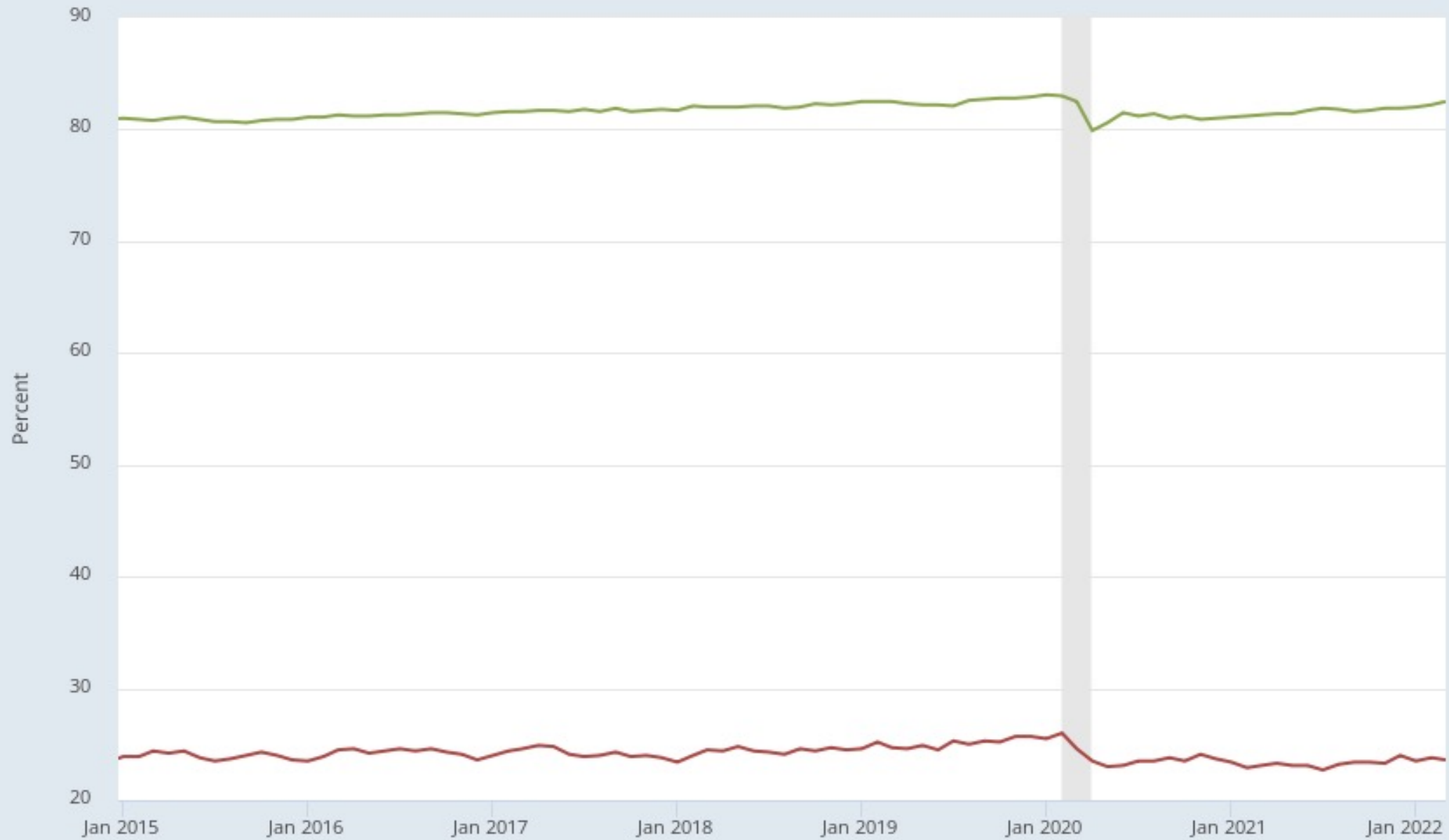
County	% Change	Peak Year
Addison	-9.0%	2009
Bennington	-17.8%	2006
Caledonia	-16.8%	2006
Chittenden	-7.3%	2019
Essex	-21.0%	2009
Franklin	-6.2%	2019
Grand Isle	-8.5%	2006
Lamoille	-14.6%	2009
Orange	-9.0%	2010
Orleans	-12.1%	2009
Rutland	-19.4%	2006
Washington	-9.4%	2019
Windham	-19.8%	2010
Windsor	-15.6%	2009

Source: Local Area Unemployment Statistics
Vermont Department of Labor

- Based on each county's respective peak labor force numbers, all counties have seen a decline in labor force.

- Franklin County has lost the least, 6.2% of its peak labor force. It is followed by northwest neighbors Chittenden (-7.3%) and Grand Isle (-8.5%)

- Eight counties have seen a 10%+ decline in labor force.

	PK-12	K-12
2021	78,854	72,181
2020	83,230	74,564
2019	83,701	75,045
2018	83,136	75,479
2017	84,345	76,230
2016	84,379	77,078
2015	84,453	78,239
2014	85,276	79,459
2013	85,979	80,300
2012	83,900	81,124
2011	85,003	82,371
2010	86,059	83,651
2009	87,355	84,997
2008	89,066	86,798
2007	90,470	88,331
2006	91,824	89,698
2005	91,740	89,922
2004	93,326	91,758

Source: Vermont Agency of Education

State-Wide Education Enrollment

2004 to 2021

▶ State-wide K-12 enrollment has fallen 21.3% since 2004.

▶ When Pre-K enrollment is included, state-wide enrollment has fallen by 15.5% since 2004.

Older Vermonters and Taxes

Vermont Action Plan for Aging Well Advisory Committee Meeting
April 25, 2022

Prepared By:
Craig Bolio, Tax Commissioner

VERMONT
DEPARTMENT OF TAXES

What Taxes Do Older Vermonters Pay?

- The same types as everybody else!

- Personal Income Tax

- Consumption Taxes

- Property Taxes

VERMONT
DEPARTMENT OF TAXES

# What Tax Provisions Help Older Vermonters?

- Income Taxes:
  - Progressive structure
  - Medical expense deduction
  - Weak Social Security exemption

- Property Taxes:
  - The most generous property tax aid program in the country – Property Tax Credits
  - Up to $8000 to help Vermonters pay property taxes

VERMONT
DEPARTMENT OF TAXES

Data on Older Vermonters and Taxes

- Property Tax Credits

- About $188 million total this year

- Half of that to Vermonters aged 65+
  - Seniors represent about 23% of income tax filers

- Average credit for Vermonters 65+ was $1700
  - Compared to $1450 for those under 65

VERMONT
DEPARTMENT OF TAXES

Data on Older Vermonters and Taxes

Income Tax Filers Aged 65+ and Effective Tax Rates: 2020
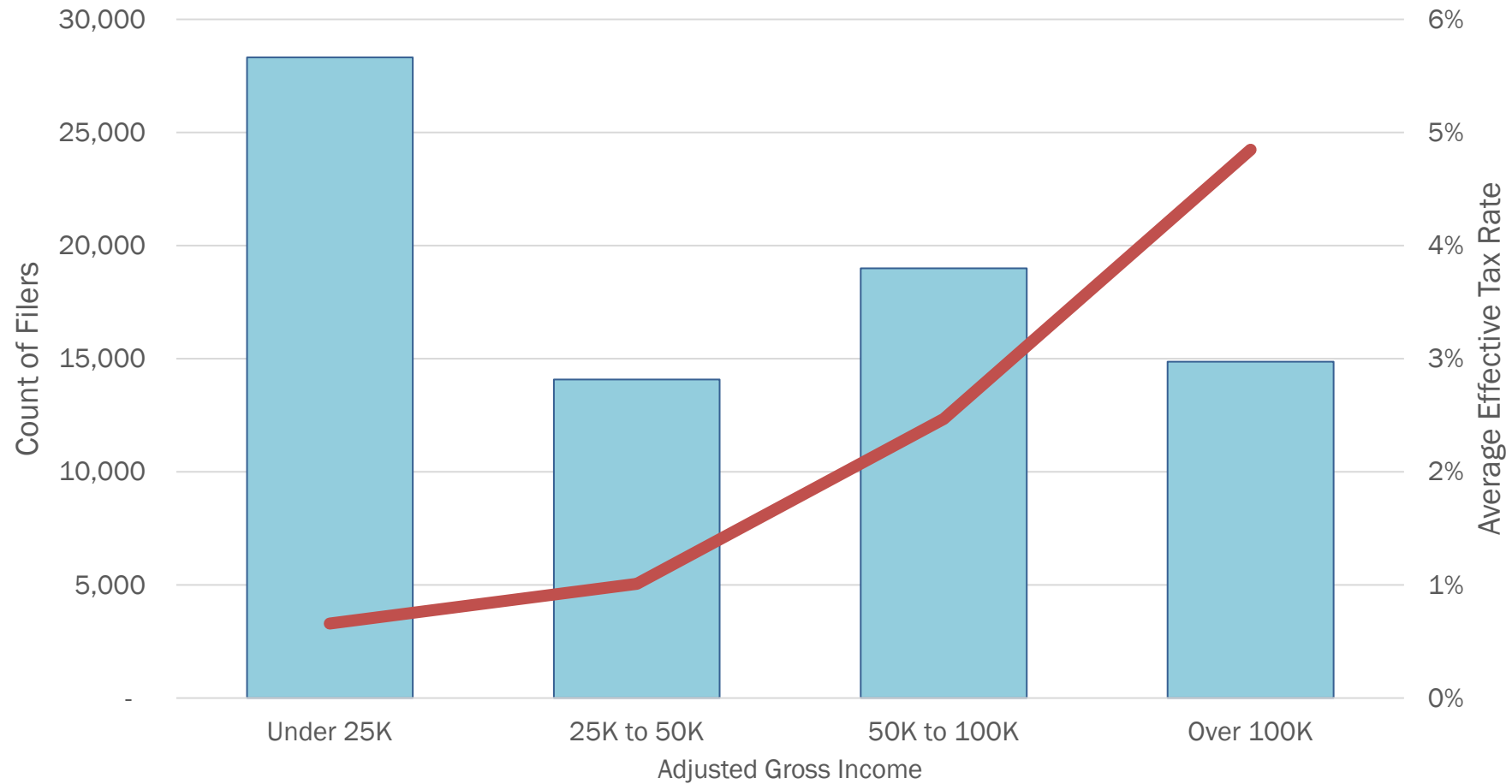
Can We Do More to Help?

- Social Security

- Federal Exemption – up to 100% but at least 15%

- State Exemption – single filers under $45,000 AGI, married filers under $60,000.
  - Most states don't tax social security at all including ME, MA, NY, NH

- Governor proposed increasing thresholds by $30,000
- Legislature appears poised to increase them by at least $5,000

- Military retirement

VERMONT
DEPARTMENT OF TAXES

Older Vermonters Act Principles: Financial Security

- Older Vermonters should be able to receive an adequate income and have the opportunity to maintain assets for a reasonable quality of life as they age.

- Older Vermonters should also be able to retire after a lifetime of work, if they so choose, without fear of poverty and isolation.

Vermont State Treasurer's Office:

- Public pension administration and defined benefit plan advocacy

- Multi-state partnerships on retirement security advocacy and employer-sponsored retirement plan expansion

- Financial literacy programming

Figure 1: Retirement System Demographics as of June 30, 2021

System	Active Members	Inactive Members	Deferred Members	Retirees & Beneficiaries	Total Monthly Benefits
VSERS (State)	8,192	1,716	771	7,716	$ 13,456,088
VSTRS (Teachers)	9,955	2,915	911	10,106	$ 18,591,034
VMERS (Municipal)	7,879	3,343	998	3,938	$ 3,544,190

Figure 2: VSERS and VMERS Defined Contribution Plan Data

Plan Name	Total Participants	Total Assets (as of June 30, 2021)	Fiduciary
State Defined Contribution	551	$ 91,371,892	State Treasurer
Municipal Defined Contribution	433	$ 32,239,780	VMERS Board

Figure 3: Supplemental Plan Data as of June 30, 2021

Plan Name and Eligible Participants	Total Participants	Total Assets	Fiduciary
457(b) Deferred Comp Plan (State and Municipal)	12,251	$ 977,328,007	VSERS
403(b) Plan (Teachers and Municipal)	2,936	$ 161,484,040	VSTRS
Single Deposit Investment Account (State and Teachers, closed to new entrants)	865	$ 31,177,580	VSERS and VSTRS jointly
Municipal Retiree Health Savings Plan	3,697	$ 14,303,833	VMERS

- Under a **defined benefit (i.e. pension)** system the employer guarantees an annual retirement payment for their employee that is based on a formula calculation including years of service, age at retirement, and either ending salary or average salary for a period of time.
- In a **defined contribution system (i.e. 401k, other)** the ultimate retirement benefit is the accumulated value of an individual's account at retirement, resulting from employer contributions, employee's own contributions and investment returns.
- The **rate of people 65 and older filing for bankruptcy is three times what it was in 1991**… and the same group accounts for a far grater share of all filers. Driving the surge… is a three-decade shift of financial risk from government and employers to individuals, who are bearing an ever-greater responsibility for their own financial well-being as the social safety net shrinks.
  https://www.nytimes.com/2018/08/05/business/bankruptcy-older-americans.html
- The NIRS published *Pensionomics 2021: Measuring the Economic Impact of Defined Benefit Pension Expenditures* – Vermont-specific data
  - State and local pension funds in Vermont and other states paid a total of $524.4 million in benefits to VT residents in 2018.
  - Retirees' expenditures from these benefits supported a total of $670.3 million in total economic output in the state, and $366.7 million in value added in the state.
  - $324.9 million in direct economic impacts were supported by retiree's initial expenditures.

Multi-State Partnerships on Retirement Security Advocacy and Employer-Sponsored Retirement Plan Expansion

Georgetown University Center for Retirement Initiatives at McCourt School of Public Policy:

A lack of retirement readiness has consistently been a top financial concern for American families for more than a decade. Most Americans report a lack of confidence in their ability to prepare adequately for their own retirement. If they can put money away for retirement, they often do not take the time to understand how much they will need to save, and even if they do, they are fearful they will never be able to save enough to last a lifetime. This fear only grows as life expectancy in the United States continues to increase, posing new challenges for future generations of retirees. Between now and 2030, 10,000 baby boomers will reach retirement age every day. **The population aged 65 and over in 2030 is projected to be more than 74 million, representing more than 20 percent of the total U.S. population.**

According to the U.S. Government Accountability Office, the overall median balance for the working, prime-age households with a **DC account in 2013 was $41,900**.

Workers are 15 times more likely to save for their retirement if they have a way to save through an employment-based plan.

ARRP Public Policy Institute Factsheet on Vermont, August 2015

Vermont: Who is NOT Covered by a Workplace Retirement Plan?
(percentage and number of private wage and salary workers ages 18–64 whose employer does not offer a retirement plan)

Item	Group	%	Number
ALL	ALL	44.5%	104,408
Age	18–34 years	55.0%	48,419
	35–44 years	38.5%	19,347
	45–54 years	36.7%	18,382
	55–64 years	39.4%	18,260
Race & Ethnicity*	Hispanic	56.2%	1,831
	Asian (non-Hispanic)	45.9%	2,107
	Black (non-Hispanic)	51.0%	1,410
	White (non-Hispanic)	44.0%	96,929
Education	Less than high school	63.0%	8,844
	High school	50.2%	38,984
	Some college	44.2%	29,627
	Bachelor's or higher	37.5%	26,953
Gender	Male	43.6%	51,398
	Female	45.3%	53,010
Employer Size	Under 10	77.7%	30,394
	10–49	59.5%	29,255
	50–99	39.0%	9,770
	100–499	33.3%	12,791
	500–999	29.1%	4,540
	1,000+	26.2%	17,657
Earnings Quintile	$14,000 or less	70.7%	30,999
	$14,001 to $25,000	57.4%	27,167
	$25,001 to $40,000	40.9%	21,583
	$40,001 to $63,500	32.5%	17,375
	Over $63,500	19.5%	7,284

Source: U.S. Census Bureau's Current Population Survey, March Supplements 2012–2014.

Note: The results are based on three-year averages from 2011–2013. The sample includes workers whose longest-held job was in the private sector. Earnings quintiles are based on all wages and salary earned by U.S. workers, whether or not they were covered by a retirement plan.

* Other non-Hispanic category is not shown, so sum of race & ethinicity categories may not sum to total

Statutory Guiding Principles:
Green Mountain Secure Retirement Plan

A. **Simplicity**—a plan should be easy for participants to understand

B. **Affordable**—a plan should be administered to maximize cost-effectiveness and efficiency

C. **Ease of Access**—the plan should be easy to join

D. **Trustworthy Oversight**—the plan should be administered by an organization with unimpeachable credentials

E. **Protection from Exploitation**—the plan should protect its participants, particularly the elderly, from unscrupulous business practices or individuals

F. **Portability**—the plan should not depend upon employment with a specific firm or organization

G. **Choice**—the plan should provide sufficient investment alternatives to be suitable for individuals with distinct goals, but not too many options to induce "analysis paralysis"

H. **Voluntary**—the plan should not be mandatory; however, auto-enrollment may increase participation

I. **Financial Education and Financial Literacy**—the plan should assist the individual in understanding their financial situation

J. **Sufficient Savings**—encourage adequate savings in retirement combined with existing pension savings and social security

K. **Additive not Duplicative**—the plan should not compete with existing private sector solutions

L. **Able to use pre-tax dollars**

Financial Literacy Programming

- Jump$tart Board Membership

- Financial Education Resources: Mymoney.Vermont.gov

- New Programming