

Vermont Retirement: Climate, Taxes & Community

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Get a detailed overview of retiring in Vermont, including its low crime rates, strong community engagement and stunning natural beauty. Understand the financial aspects, such as Social Security exemptions, estate taxes and the cost of living.

This article is a part of the 50 states retirement tax-planning series. [View the series here.](#)

By Bret L. Hodgdon

Exceptional quality of life and picturesque landscapes are only a couple of reasons people choose Vermont as their retirement destination. On the other hand, financial and tax related challenges discourage some from settling in the Green Mountain State for their twilight years.

Epic Landscapes and Cultural Activities

Many people choose Vermont for its scenic landscapes. Rolling green hills sprawl across the state, which is peppered with some of the country's most impressive foliage in autumn and snow-covered mountains during winter months. Majestic views are enhanced by the absence of billboards, as Vermont is only one of a handful of states in which they are outlawed.

There is never a shortage of outdoor activities to choose from throughout the year: Enjoy beautiful sunsets and cultural events at the shores of Lake Champlain during the warm summer months; take an epic foliage ride through the Mad River Valley in the fall; ski some of the best mountains the East has to offer in the winter; or tour some of the charming family-owned maple sugar houses during spring. The options are endless and can be enjoyed throughout four vibrant seasons.

Politically Engaged Communities and Progressive Climate Policies

Vermont's four seasons allow residents to enjoy a wide variety of weather conditions – from mild summers to colder, snowy winters. While not totally isolated from major weather

events, geography helps protect the state from the worst and most extreme of many natural disasters.

In fact, Vermont is positioned to weather the continued effects of climate change as well as any other state in the nation. Deep concern for the climate and the need to prepare for the impacts of climate change was addressed in 2020 when the state legislature passed the Global Warming Solutions Act ([Act 153 as Enacted](#)), requiring a reduction of the state's greenhouse gas pollution to 26% below 2005 levels by 2025.

Vermont has a long tradition of deeply engaged citizens. A January 2025 [report](#) suggests that the state ranks second nationwide for public meeting attendance, with 17% of residents (10% national average) reporting they have ever attended a public meeting. Vermont also ranks second for collaborating with neighbors and discussing political, social or local issues. While Vermonters hold a wide array of political views, they share a commitment to preserving the environment for their communities, neighbors, and family.

Peaceful Quality of Life

Vermont is the second least populated state in the country with just over 623,000 residents according to data from the [U.S. Census Bureau](#) in 2020. This translates into a quiet, rural hometown mood felt throughout the state. In fact, its largest city, Burlington features just over 44,500 residents as of [2023](#).

Vermont consistently ranks among the states with the lowest crime rates. Recently, [WalletHub](#) compared the 50 states across 52 key safety indicators and Vermont was rated safest in the nation.

Tax & Finance Challenges

The scenic beauty and quality of life come at a price. Overall, Vermont is a higher taxed state with a high cost of living. With that said, there are some noteworthy tax advantages for retirees.

Social Security Tax Exemptions – Vermont provides a partial or full exemption on Social Security benefits for lower-income retirees. Individuals with adjusted gross income (AGI) below \$50,000 and couples with AGI below \$65,000 are exempt from having their benefits taxed.

Personal Income Tax – the Vermont income tax is progressive, so the rate of taxation increases as taxable income increases. In 2025, the Vermont state income tax rates range from 0.00% to 8.75% resulting in one of the highest rates in the country. The state also

charges a 6% sales tax, with some cities imposing an additional 1%.

Property Tax – Vermont homeowners pay an average of more than \$4,859 per year in property taxes, which leads to approximately a 1.78% average effective rate. According to [SmartAsset.com](#) this is the fifth-highest average effective property tax rate in the country.

Property Tax Relief Programs – Vermont offers property tax credits for eligible seniors, including:

- **Homestead Property Tax Credit:** If your household income is below a certain level, you may qualify for property tax reductions. The maximum credit is \$8,000, with a maximum of \$5,600 for the education property tax portion and \$2,400 for the municipal property tax portion. The credit will appear as a state payment on your 2024/2025 property tax bill.
- **Property Tax Credit for Renters:** If you rent instead of own, you may also qualify for a renter's rebate.

Estate Tax – Vermont does not impose an inheritance tax, however there are some important estate tax considerations. There is no progressive rate or tax bracket in Vermont. The state collects a flat 16% tax if the estate value exceeds the \$5 million exemption limit, and the tax is due within nine months of the estate owner's death. Simply put, you will pay no Vermont estate tax on estate transfers up to \$5 million.

The Green Mountain State offers health care access and a myriad of support programs for retirees. If you are considering relocating to Vermont, it would be wise to consult a financial professional, such as a CPA/PFS or CFP, to walk through the decision with you. You can find a licensed professional [here](#).

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