

OUTLOOK

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Focusing on Retirement Issues for Massport Employees Past and Present

Pension Security in Tough Times

“Your pension represents a secure, steady income that cannot be outlived.”

Flashback to the late 1990's when the tech bubble is at its peak. Stocks post returns at an all-time high earning upwards of 30% annually. Some of you are angry and tell us that forced membership in our defined benefit pension plan amounts to a hostile takeover of your money. You tell us you could be earning vast amounts of money on your own that far exceed what our plan provides. You want to direct your own investments and see no value in a traditional pension plan. Then the tech bubble bursts, and the stock market tanks, but fortunately for you this has no effect on the value of your Massport pension.

Fast forward to the present. The bear market enters its 13th consecutive month. Banks and other financial businesses are failing, the economy

is slowing, and many Americans have seen their retirement investments evaporate. We're losing confidence in everything we thought to be true about investing and our retirement security... but one thing you can be certain of is the security of participation in a defined benefit pension plan.

Regardless of any downturn in the economy, the law guarantees your pension. Under Massachusetts General Law, Chapter 32, your monthly pension check won't fluctuate with interest rates or the stock market when you retire. You can always be certain that the check (or direct deposit notification) is in the mail - and that check arrives every month for the rest of your life. In other words, your pension represents a secure, steady income that cannot

be outlived. Earning a pension is a cornerstone to retirement security and its importance and value should not be underestimated.

But what about market losses, you ask? Won't they affect the value of my pension? The answer is no. As mandated by Chapter 32, the Retirement Board invests the funds of the system, including contributions made by you and by the Authority, and in turn guarantees, for its eligible members, a pension benefit based on age, years of service, and highest three-year salary average. Market losses are absorbed by the employer. Thus it is the Authority that bears the investment risk and must, through its annual budget, make up any shortfalls created by market fluctuations.

— continued on page 6

INSIDE

- For Your Benefit 2
- Employee Financial Fair 2
- Retirees' Corner 3
- Web Watch 4
- Transitions 4
- Book Corner 5
- Calendar 6

It is now easier to find us online! Simply go to <http://retirement.massport.com> and you will be taken directly to the retirement section of Massport's web site.

For Your Benefit

Save the Date!

Employee Financial Fair

The Massport Retirement System will once again host an Employee Financial Fair on Wednesday, January 14, 2009 at the Logan Office Center from 11 a.m. – 2 p.m.

There will be representatives on-hand from finance-related institutions and agencies plus speakers discussing a variety of finance related topics. More details will follow.

Medex Prescription Drug Plan Change

Retirees enrolled in Blue Cross/Blue Shield's Medex plan will have a new prescription drug manager beginning January 1, 2009. CVS/Caremark affiliate, Silverscript is replacing the current manager, Anthem.

If you are enrolled in Medex, be sure to check your mail for new ID cards and other important information regarding this transition.

If you have any questions please call the Blue Cross/Blue Shield member services department at 1-800-348-7921.

Massport 457 Match Program

in this edition you've seen how the Massport Retirement System has given you a head start in the retirement race – now see how the 457 match program can help give you your second wind. If you are an administrative employee or a member of Teamsters Local 25 Parking, ILA Local 810, IBEW Local 103, or SEIU Local 3 you could be eligible for this program. Contributions are matched up to \$1,500 in 2008 and up to \$3,000 in

2009. Massport makes its contributions to employee accounts on a quarterly basis. If you are not enrolled in the deferred compensation plan, now is a great time to get started. If you are a new employee, you aren't eligible for the match until the end of your six month probationary period but you can enroll at any



time. This program is too important to pass up - be sure to take advantage of this wonderful benefit!

Retiring Soon? Pay Attention to the Massport Match Schedule

When you're ready to retire and you're deciding on the date, make sure you take into consideration the deferred compensation match schedule or you could be leaving money on the table! At the end of each quarter, Massport matches eligible employees' contributions to the deferred compensation plan.

Distributions are made approximately

two and a half weeks after the end of the quarter. In 2008 the distribution dates are April 18th, July 18th, October 17th and the December 19th. Under the terms of the match program, if you are not a current employee on the date of distribution, you will not be eligible for the prior quarter's match. So for example, if you retire on October 1st, you will not be eligible to receive the third quarter match because on the distribution date, October 17th, you will no longer be a current employee. If you were to retire on November 1st instead, you would lock in the third quarter match. Just another detail to keep in mind as you approach that magic day!

**Remember you can only retire the first day of the month.*



What is Creditable Service and How is it Calculated?

Creditable service is the number of years and months accrued towards a Massport retirement benefit. It's important because it's one of the three factors used to calculate your retirement benefit (the other two are your age at retirement and your highest consecutive three year salary average).

For many employees creditable service is simply years and months of employment at Massport. However there are some important exceptions to note:

Additions

If you had prior public employment and your account was transferred to Massport Retirement or you've completed a prior-service or veteran's buyback, this also counts towards and is added to your Massport creditable service.

Deletions

If during your Massport employment, you've had periods of time off the payroll (without pay), your creditable service will most likely be reduced for some or all of that leave period. One exception to this is a period of

workers compensation pay for total incapacity which counts as full-time creditable service.

Adjustments

If you are a part time employee your creditable service is pro-rated based on the number of hours you work each week. For example, if you generally work 22.50 hours per week,

you earn approximately 7 months creditable service each calendar year. One exception to this is part time service prior to April 26, 1993, the effective date of the MPAERS' supplementary regulation on Creditable Service, and this service generally counts as full-time credit. Another exception is if you are a part-time employee your

entire career. In this case, you earn full creditable service.

As you can see, a number of factors impact a creditable service calculation. For your convenience, we now provide creditable service estimates annually on your enhanced member statement. If you have questions, please contact the retirement office.

Retirees' Corner



Save on Heating Oil

Consumers caught a lucky break this November when home heating oil prices dropped below 2007 levels. Hopefully the lower prices will stick around! Whether they stay or go you can save money by purchasing your heating oil through a co-op. One such organization, the Mass Energy Consumers Alliance, uses its bulk-buying ability to save its members an average of 15 to 30 cents per gallon. Sign up on the web at www.massenergy.com or call 1-800-287-3950 for more info.

Attention Snowbirds!

If you are moving South for the winter be sure to notify the Massport retirement office of your address change, because retirement checks do not get forwarded!



For your security, we require you send us written notice of your address change. Please call the retirement office at (617) 568-3951 to request an address change form or send a note to the Massport Retirement System, One Harborside Drive, Suite 200S, East Boston, MA 02128-2909. You may also send an email to lbarbosa@massport.com.

Web Watch

For those of you who have access to the Internet, there is a wealth of information to be found there. In this section we highlight web sites that we have found helpful, informative, interesting or just plain fun.

Free and Friendly Photo Tinkering

Was that Thanksgiving family snapshot just a little crooked? Were those back-to-school sendoff pictures afflicted by the dreaded red-eye? Do you wonder how the kitchen would look with a bright pink neon glow? Set up an account at www.picnik.com, and you'll get a simple-to-use toolset for touching up your digital photos. The free tools at your disposal range from the familiar, such as photo resizing and fixing red-eye, to a number of adventurous blur effects and color filters. Free account users can upload five pictures at a time.



Social Security WEP Estimates Online

The Social Security Administration has just made it easier for those of us in the public sector to get a handle on how our social security benefit may be impacted by our public pension (a pension based on work not covered by social security, that is). On www.socialsecurity.gov, you can get an estimate of your monthly social security benefit with any reductions due to a public pension factored in. This tool is called

the "Online Calculator (WEP Version)" and the direct link is <http://www.socialsecurity.gov/retire2/anyPiaWepjs04.htm>. This calculator requires you to enter some personal information including your annual earnings covered by social security from your last social security statement and an estimate of what your monthly public pension benefit will

be. If you don't have a copy of your most recent earnings statement you can request one online and for pension estimates we suggest using the one we provided you on your last MPAERS benefit statement. And, by the way, "WEP" stands for Windfall Elimination Provision and is also explained in more detail on the website.

* Legal note: The Retirement System is not responsible for the content of these web sites or for the accuracy and completeness of the information contained in them.



Transitions

Condolences

We regret to inform you that the following retirees have passed away:

- ☞ Vincent Cicolini
- ☞ James Comeau
- ☞ Charlotte Diver
- ☞ Edward Konieczny
- ☞ Gerry Reis

We also offer our condolences to the family and friends of Larry Getchell, Massport's Supervisor, General Services, who passed away on October 23, 2008.

Congratulations

The following people retired recently and we wish them all the best for a successful future:

- ★ Ella Babbitt
- ★ Wilford Clair
- ★ Marcia Duffy
- ★ Tatyana Nakhimovsky
- ★ Pat Naper
- ★ Charlie Phillips
- ★ Tom Rankin
- ★ Bob Romano

Book Corner

The retirement library at the Logan Office Center houses a wide variety of books on personal finance topics including retirement planning, saving, budgeting, investing, estate planning, homebuying, and basic money management themes. Stop by and check them out.

It has been a troubling year for everyone's finances, and older investors in particular should be alert to the changes they will face as they approach retirement age. Here's a trio of books to help baby boomers keep their financial plans on track.



■ Money After 40

By: Tom and David Gardner

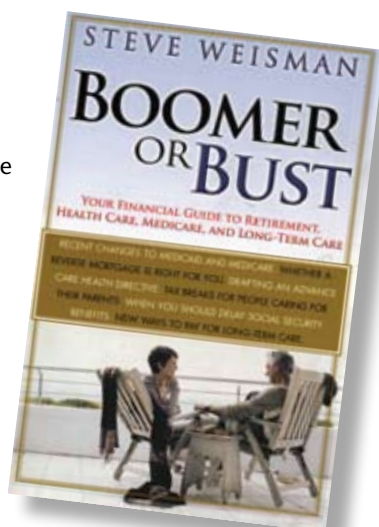
For a friendly introduction to the later decades of saving and investing for retirement, try "Money After 40: Building Wealth for a Better Life." In the signature light-hearted style of the Motley Fool series, Tom and David Gardner cover the fundamentals of securing your retirement savings, taking advantage of retirement accounts, choosing the right home, choosing the right health care plan, putting the kids through college, providing elder care for your parents, planning your estate, and how to make your retirement money last. These can be big, scary issues to

think about, but the Gardner brothers know how to paint everything in a cheerful light - such as how increasing your savings account contributions can be made into a series of games.

■ Boomer or Bust

By: Steve Weisman

To baby boomers that are facing the challenge of simultaneously planning for retirement and providing financial support for their parents, "Boomer or Bust" offers solutions. The

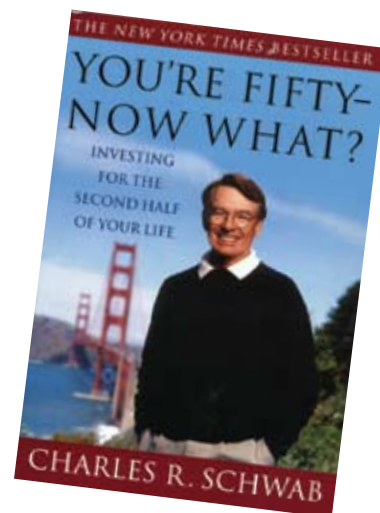


author, Steven Weisman, is an elder law specialist and host of a radio show on senior citizen issues. Weisman's thorough knowledge on the subject is dispensed in easily digestible morsels, similar to the segments of a talk radio show. Weisman explains the benefits and downfalls of IRAs and 401(k) plans, the tax issues of having elderly dependents, the benefits provided by Social Security and Medicare, and other topics such as age discrimination and reverse mortgages. Weisman pays special attention to planning for long-term health care, both for your parents and for yourself.

■ You're Fifty – Now What?

By: Charles Schwab

"You're Fifty – Now What?" opens up with an all-around guide to retirement investing that is useful for people of any age. Charles Schwab, who is a giant in the financial services industry, takes you step-by-step through calculating how much your retirement will cost, building your nest egg through investments, and managing your money so that it will last your whole life. He also explores the matters of insurance, estate planning, charitable giving, and how to choose financial professionals to assist you. This book has an in-depth, hands-on approach, with a number of worksheets, informative "Beginners Only" tidbits, succinct end-of-chapter summaries, extensive appendices, and a detailed glossary of investor jargon.



“ We are long-term, strategic investors and our investment program is carefully planned and executed over time. ”

PENSION— continued from page 1

In spite of recent declines in the market, our defined benefit plan remains financially sound and able to meet its obligations. This is due to years of strong financial support from the Authority, positive historical investment returns, and your contributions. Our pension plan is funded over a long period of time, and market gains and losses get smoothed or spread out over a number of years. We are long-term, strategic investors and our investment program is carefully planned and

executed over time.

While none of us can predict the future, please be assured that the board is steadfast in its duties to safeguard the assets of the Retirement System and invest prudently for the benefit of our members. We take that responsibility seriously, and the board is constantly monitoring the performance of pension fund investments to fulfill that core mission. As always, we remain firmly committed to providing members and their beneficiaries with secure retirement, survivor, and disability benefits so you can be assured that the check is in the mail.

Retirement Board & Staff

Outlook is published quarterly by the Massachusetts Port Authority Employees’ Retirement System (MPAERS) One Harborside Drive, Suite 200S, Boston, MA 02128, (617) 568-3951.

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Calendar

November

19
Retirement Board Meeting:
Logan Office Center
Board Room, 9:00 a.m.

24
Retirement checks mailed

27
Thanksgiving Day:
Massport offices closed

December

7
Pearl Harbor Remembrance
Day

17
Retirement Board Meeting:
Logan Office Center
Board Room, 9:00 a.m.

21
Hanukkah begins at
sundown
First day of winter

25
Christmas Day: Massport
offices closed

26
Retirement checks mailed
Kwanzaa begins

January

1
New Year’s Day: Massport
offices closed

14
Employee Financial Fair

19
Martin Luther King, Jr. Day:
Massport offices closed

27
Retirement checks mailed

28
Retirement Board Meeting:
Logan Office Center
Board Room, 9:00 a.m.

View past issues of *Outlook* at
<http://retirement.massport.com>