

Don't Get Hooked by Phishing Schemes

There is a new type of internet scam out there that you should be aware of if you use e-mail. It is known as phishing and scammers use it to try and obtain your personal financial information over the Internet.

What is Phishing?

Phishing uses spoof e-mails and fraudulent web sites to trick consumers into entering sensitive information such as their address, social security number, bank account number,

PIN, credit card number, etc.

This means that the e-mail you receive might have your credit card company's logo and direct you to an official looking company web site, but it could really be a copy and your personal information is at risk.

What can I do to protect myself from phishing?

- **Be suspicious** of any e-mail requesting personal information, particularly if it contains urgent or upsetting news (this is often done to get


people to react immediately).

- **Be aware** of the type of e-mail that you would normally get from your bank or credit card company so you will be more likely to notice something out of the ordinary.

- **Look for tell-tale signs**, for example, phishing e-mails generally are NOT personalized whereas your bank or e-commerce company will usually address you by name.

- **Watch out** for links contained in unsolicited e-mail

messages. They may take you to bogus web sites that appear to be something they are not.

If you think you have been the victim of a phishing scheme call your bank or credit card company to check for unauthorized charges. For more information about online fraud schemes visit the site for the Anti-Phishing Working Group at www.antiphishing.org or contact the Attorney General's Consumer Hotline at (617) 727-8400. 

Retirees' Corner

Doing Our Part to Protect You From ID Theft

In order to better serve our retirees and protect you from possible identity theft we have made some changes to the way we do business.

- **SSN Hidden** - We no longer print your Social Security number on your check or pay stub! Retirees who have concerns about their mail can rest assured that the monthly mailing from us does not contain this sensitive information.
- **Address Change** - We are now requiring that all address changes be made in writing. This can be done via e-mail (lbarbosa@massport.com) or a simple note listing the old address, new address and effective date. You can also request a change of address form by calling (617) 568-3951.

Medicare Reimbursements

Did you know that if you are in a Massport health plan and currently pay premiums for Medicare Part B you may be eligible for reimbursement by Massport? You must be 65 or older and enrolled in a Medicare supplemental plan such as the GIC OME or Medex and you must provide proof that you have paid the Medicare premiums. Payments are disbursed to retirees twice a year. For more information, please contact Loren Riley in the human resources office at (617) 568-3920.



For Your Benefit

Annual Report Recognized for Excellence

The Massport Employees' Retirement System (MPAERS) was once again awarded a Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association (GFOA) for its 2003 annual report.

This is the 5th time that MPAERS has received this distinguished honor which recognizes the system for producing a comprehensive annual financial report that achieves the highest standard in government accounting and financial reporting.

We have extra copies of the report including the special supplement *Retirement 101* which featured members of the Massport Retirement System along with retirement information for every age group. Stop by the retirement office or call Lisa Allen Brown at (617)568-3903 to request a copy.



20th Issue!

This marks the 20th issue of *Outlook* and we have updated our design to mark the occasion. Let us know what you think of the retirement newsletter. Send your feedback to retirement@massport.com.



No Penalty on 457 Withdrawals

Did you know there is NO penalty for withdrawing money from your 457 account prior to age 59 ½?

To access the money in your deferred compensation account you must be retired or separated from service (unless you have an unforeseeable emergency). However, unlike 401k plans and IRA's for which the Internal Revenue Service charges a 10% early withdrawal penalty, withdrawals from the deferred compensation plan are subject to regular taxes but no penalty.

For more information about the deferred compensation plan contact our ING representative Nicole Payne at (781) 768-4841 or call customer service at (877) 457-1900. Account information can also be accessed online at www.ingretirementplans.com/custom/mass.

Social Security Revamp on the Horizon

There is a great national debate surrounding the future of the Social Security program in America. According to actuarial forecasts, the Social Security Administration will no longer be able to pay 100% of its promised payments in 2042.

President Bush has put forth a proposal to reform Social Security using a system that includes "personal accounts" in order for citizens to take ownership of a portion of their retirement money and manage their own investments.

Democratic leadership in the United States Congress opposes the creation of personal accounts saying that it would worsen Social Security's overall financial picture since payroll taxes that are currently used to pay people's benefits would be diverted in order to fund personal accounts.

There are many different proposals, angles, and opinions on what changes should or should not be made to the Social Security program.

While Massport employees don't contribute to Social Security, this is still an important issue for many employees and retirees as some may rely on a spouse's Social

Security benefits and others have family members and friends who will be impacted by future changes.

As a public employer Massport could also be affected since certain proposals in the public realm call for mandatory coverage of public employees in states that are currently exempt (as is the case with Massachusetts).

Learn More About the Social Security Debate!

Understanding Social Security Reform: The Issues and Alternatives (American Institute of Certified Public Accountants) <http://www.aicpa.org/members/socsec.htm>

Women and Social Security (Institute for Women's Policy Research) <http://womenandsocialsecurity.org/Women%5FSocial%5FSecurity/>

Social Security Administration Trustees Report <http://ssa.gov/OACT/TR/TR05/>

Bush Proposes Slowing Growth of Social Security Benefits for Future Retirees. Democrats call it a "cut." Compared to what? (FactCheck.org) <http://www.factcheck.org/article323.html>

Buyback Interest Rate Increases July 1

As a reminder, the interest rate for buybacks will increase as of July 1, 2005.

If you have prior creditable service (either as a temporary employee or a past state employee who withdrew retirement funds) and you want that service to count towards your retirement, you should contact the retirement system as soon as possible to take advantage of the lower interest rate.

The rate for the current year is 0.6% but after July 1, 2005 buybacks will be calculated differently using a rate of 3.875% for each year of service (compounded). In some rare cases people might benefit from waiting until after July 1, 2005 if their service occurred during a time of extremely high interest rates. For an estimate of the cost of your buyback please call Laura Barbosa at (617)568-3951.

Please note that anyone who begins a buyback prior to July 1 (including those who pay through payroll deduction) will not be subject to the higher rate.

Update to Mortality Table Improves Retirement Payment Options

As you may know the mortality tables used to calculate retirement payment options have been updated for public pensions in Massachusetts.

The percentage charts that the retirement office distributes are based on an Option A benefit which is the highest benefit amount you can receive, but provides no payment for your beneficiary.

Under Option B there is now a 1-2% reduction from Option A and in the event of

your death your beneficiary receives a lump sum payment of whatever is remaining in your retirement account (which typically takes 9-12 years to deplete). Previously the Option B reduction was 3-5%.

If a retiring employee chooses Option C there is approximately a 9-11% reduction from the Option A amount depending upon your age and the age of your beneficiary. In the event of your death the Option C beneficiary would be entitled to pension payments

equal to 2/3 of what you were being paid. Under the previous law those choosing Option C had a 20-30% reduction from the Option A amount. These changes represent significant improvements for people retiring from public service and it's especially good news for many married couples.

If you have questions about the changes in mortality tables and how it could affect your future retirement benefit, please contact the retirement office at (617)568-3951.

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.

Health Issues from A-Z

In the Age of the Internet many people look up every symptom of their illness before setting foot in a doctor's office. While we would never encourage using the web as a means of diagnosis, it can be helpful as a research tool. The Merck Manual of Medical Information can be found at www.merck.com/mmhe/index.html and lists comprehensive information on everything from chicken pox and cardiac arrest to lizard bites and carbon monoxide poisoning.



Cutting Coupons on the Web

If you enjoy shopping online you may also like saving money through online coupons. With improved search engine functions, finding a coupon couldn't be easier. Simply go to www.google.com and put in the name of the retailer or item that you are searching for plus the word "coupon." Any available "coupon codes" will instantly be at your fingertips. Next time you are ordering from Gap.com, google "Gap coupon" and you just might save some hard-earned cash.

Retirees Share Biz Advice

Looking for a volunteer opportunity that lets you use your business expertise to help others? SCORE is a non-profit organization comprised of retired executives who use their business knowledge and experience to offer free counseling and mentorship to entrepreneurs and small business owners. Volunteers with various specialty backgrounds are always needed. Go to www.score.org for more information.



* 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:

- ♥ Ralph Clark
- ♥ David Dodge
- ♥ Thomas Ferguson
- ♥ John J. Foley
- ♥ Richard Healy
- ♥ James Samms
- ♥ Walter Watson

We also extend our condolences to the family of GTU employee Paul Smallcomb.

Congratulations

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

- ★ Carole Bodkin
- ★ Peter Francis
- ★ Gino Trapani

The Cow is Sick. Don't Ask for More Milk.

By Dave Davis

The Massport Retirement System is “fully-funded.” What does that mean?

Does it mean that we are flush with cash? Does it mean that employees are funding their own retirement? Well, no, not really. Although the system is in a reasonably healthy financial position, especially when compared to other systems in the Commonwealth, we are subject to the ups and downs of the stock market like everyone else and we are also affected by a growing number of retirees and ever increasing health care costs.

While a third of a billion dollars might sound like a lot of money, in reality the Massport pension fund has only enough to meet its current promises. Paying Massport retirees costs approximately \$1 million each month. That figure does not include the cost of health insurance for approximately 400 retirees and their spouses.

The System is funded by three sources:

1. contributions of Massport employees,
2. money from investment earnings, and
3. contributions from the Authority.

This year the Authority will be required by law to contribute approximately

\$4 million to the pension fund. This money must be accounted for in the Massport budget process and comes from the same pot that pays salaries, health care costs and operational expenses. It also comes at a time when some of Massport's tenants are struggling to stay afloat and face difficulty in managing rising airport fees in a declining market.

We all know that it is the airlines that have historically been Massport's “cash cow,” and it is clear to me that the business has changed radically since my time at the Authority. At least three old line, major carriers have filed for bankruptcy or are very close. In some cases these carriers have raided their own pension systems (or changed them radically) just to stay afloat. The cost of health insurance is being shifted to employees and retirees. Low cost carriers are steadily encroaching on the old-line major carriers. Business travelers, once relatively price insensitive are taking the cheapest flights, or worse, staying home and doing business electronically. Our cow is sick.

When the liability for the pension system grows so must the amount of Massport's required contribution. The Authority must come up with the cash to pay its pension obligations even if it means

sacrificing on the other end. Luckily we are not yet in the same position as a place like the MBTA where they are forced to do layoffs and service cuts in order to fund the increasing pension liabilities and health care costs of its retirees.

We understand why long-term employees are looking for a change in the way retirement benefits are formulated; however, our members need to understand that this type of change would come at a significant cost. The changes which have been proposed to the legislature, according to our actuary, will cost as much as an additional \$7 million per year. I honestly don't believe the money is there. When thinking about the value of your Massport retirement benefit there are other things, and priorities, that must be considered – in particular, the idea of securing future health care benefits.

The good news is that the Massport Retirement System is stable and secure. Since we are a defined benefit plan your retirement benefits are guaranteed for life and the system is one of the most well-managed pension systems in Massachusetts. However, the future is uncertain and decisions that could jeopardize the stability of retiree benefits in the years to come should not be taken lightly.



■ Dave Davis is an elected retirement board member and former Massport executive director.

“... the airlines have historically been Massport's “cash cow,” and it is clear to me that the business has changed radically ...”

Book Corner

The retirement library at 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. Here are some examples:

J. K. Lasser's Estate Planning for Baby Boomers and Retirees

by Stewart H. Welch III

Acting as a guide for the 80 million "Baby Boomers" out there, Welch's book is a useful tool in determining your net worth, creating a will and developing a comprehensive estate plan (even for those who think they don't have much of an estate). It also includes chapters such as



"Retire With Dignity: How Much is Enough?" and "The Psychology of Money" as well as a glossary of estate planning terms and a state-by-state list of top financial planners.

Get a Financial Life

by Beth Koblner

Get a Financial Life is billed as a guide to personal finance for people in their 20's and 30's but it

could be useful to anyone who needs a primer on personal finance and help with money management. Koblner covers all the basics including budgeting and goal setting, all types of issues around debt, investing, saving for retirement, insurance, taxes, and information for renters and home owners. She also includes "crib notes" for those who don't have time to read the whole book.



We Need Your Input

Now is your chance to suggest a book for the retirement library. Is there a guide to investing that you found helpful and would recommend to other Massport employees? How about the latest finance book you have been wanting to read? To suggest a book, e-mail retirement@massport.com or call Lisa Allen Brown at (617) 568-3903. Your suggestion could be the next addition to our retirement library!

Retirement Board & Staff

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Calendar

MAY

- 21 Armed Forces Day
- 25 Retirement checks mailed
- 30 Memorial Day: Massport offices closed
- 31 Retirement Board Meeting: Logan Office Center, Board Room, 9:00 a.m.

JUNE

- 14 Flag Day
- 17 Bunker Hill Day: Massport offices open
- 19 Father's Day
- 21 Summer begins
- 27 Retirement checks mailed
- 29 Retirement Board Meeting: Logan Office Center, Board Room, 9:00 a.m.

JULY

- 4 Independence Day: Massport offices closed
- 26 Retirement checks mailed
- 27 Retirement Board Meeting: Logan Office Center, Board Room, 9:00 a.m.

* Meeting schedules are subject to change.