



# OUTLOOK

Vol. 9, No. 1  
Summer 2008

Focusing on Retirement Issues for Massport Employees Past and Present

## Massport Establishes Health Care Trust

“Massport is taking necessary steps to begin funding this large post-employment benefit cost over the long term.”

We're happy to report that this past May the Authority's Board authorized the creation of the Massport Retiree Benefits Trust and in doing so took an important step towards funding future retiree health care costs. Similar to what the Authority did in 1978 when it created its own retirement system, this irrevocable trust has been set up for the sole purpose of providing funding for post-employment health care and benefits (other than pension benefits) for retirees and beneficiaries of the Massachusetts Port Authority.

Massport is once again on the forefront as one of the few public entities in Massachusetts to have taken this step. "The Board and CEO & Executive Director Tom Kinton should be applauded for their foresight and leadership by taking action now and establishing

this irrevocable trust and placing \$54 million in initial seed money to finance these long term benefits", states CFO and Secretary-Treasurer John Pranckevicius. "By creating an irrevocable trust, Massport's leaders recognize the need to financially plan for Massport's future and how it will impact our stakeholders including existing and future retirees as well as Massport's customers. By being able to invest in a portfolio of investments similar to those held by Massport's retirement system the Retiree Benefits Trust will be able to use investment income and capital appreciation to pay for future retiree health care costs. There still is a tremendous amount of work to do to close the \$150 million funding gap between the cost of these benefits (\$200 million) and having the money in place to pay for them. But I believe all the right steps are being taken to

put the Authority in the best position to provide retiree health care."

According to elected Retirement Board member and former Executive Director of Massport, Dave Davis: "Establishing and funding for retiree healthcare is incredibly important to all employees to secure future medical benefits which are so important as we grow older. I just received a one month supply of a prescription medication. The bill was for more than \$6,000. My co-payment: \$10.00! I would have a hard time making ends meet were it not for the insurance I get from Massport."

Like the Retirement system, Massport's Retiree Benefits Trust has a board responsible for administering the trust. The five member committee consists of Massport's Director of Administration & Finance/

— continued on page 5

### INSIDE

- For Your Benefit 2
- Women's Money Conference 2
- Great-West Round-up 3
- Retirees' Corner 4
- Legislative Update 4
- Transitions 4
- Book Corner 5
- Web Watch 6
- 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.

## Personal use of an Employer-Owned Vehicle



### The Money Conference for Women

The Money Conference for Women is being held on Saturday, September 27, 2008 from 9 am to 5 pm at the Reggie Lewis Athletic Center, Roxbury Community College, Boston. Registration begins at 8:30 am.

This event, hosted by State Treasurer Tim Cahill in conjunction with the YWCA New England Regional Council, is a FREE daylong conference that focuses on money management strategies for women of all ages, incomes, and levels of financial knowledge. Conference workshops highlight topics such as investing, retirement planning, credit, getting out of debt, and budgeting basics. Includes breakfast and lunch. The event is FREE but registration is required.

Visit [www.themoneyconference.com](http://www.themoneyconference.com) to register online. For more information contact Leanne Martin of State Treasurer Tim Cahill's Financial Education Division at (617) 367-6900 x613.

As you may be aware, the question of whether or not the monetary value of the personal use of an employer-supplied motor vehicle can be included as regular compensation for retirement purposes has been winding its way through the court system for a number of years. A recent Supreme Judicial Court ("SJC") decision puts this issue to rest. In *Pelonzi & PERAC v.*

the Beverly Retirement Board & CRAB, the SJC determined that personal use of an employer-supplied vehicle is not regular compensation and cannot be included as salary for retirement calculation purposes. The SJC categorized an employer-supplied automobile as equipment or a non-cash job related accessory (similar to that of a cell phone, personal computer or parking

space) provided by an employer to enable an employee to perform his or her job more efficiently. In the opinion of the SJC, the personal use of such equipment is a benefit, not compensation to the employee and therefore should not be considered regular compensation. Accordingly, personal use of a Massport vehicle will not be factored into retirement allowance calculations.

## Annual Report Mailed to Members



We recently mailed our 2007 Comprehensive Annual Financial Report to all members, active, inactive, and retired. This report contains our financial statements, information about the actuarial valuation and investment activity, as well as basic and statistical information about the system and some frequently asked questions.

The Massport Employees' Retirement System's assets grew by \$24 million during 2007, to \$414 million. We have submitted the 2007 report to the Government Finance Officers Association's

(GFOA) Certificate of Achievement for Excellence in Financial Reporting program. We have earned this recognition from the GFOA for the past eight years.

## Great-West Roundup

# Accessing SMART Plan Services by Computer or Phone

Did you know that you can now update your deferred compensation contribution rate and beneficiary designation online? Did you also know that you can make contribution rate changes over the phone? These are just a few of the changes implemented by Great-West Retirement Services (Great-West), our new deferred compensation administrator.

To change a contribution rate or beneficiary designation online sign in to the account access section at [www.mass-smart.com](http://www.mass-smart.com) and select “Change Contribution Amounts” under the Manage Investments menu or “Update Beneficiary” in the “My Profile” section and continue to follow the instructions. While your beneficiary designation change is effective immediately, your rate change will become effective by the second payroll of the following month (Great-West provides contribution rate changes to the Authority’s payroll department once a month).

In order to access your account online, you need a username and PIN number.

PIN numbers were initially mailed to participants back in March. If you misplaced this info you can order a reminder online. Follow the instructions provided in the box to the right. When you receive your PIN number you can establish your username by clicking on the “Account Access” link on the SMART Plan website. On the “Secure Account Access” page click on the “Don’t have a Username? Register Here” link.

And as always you can use the website to check your account balance, contributions, rate of return, asset allocation, transaction history, balance history, and beneficiary information.

Additionally you can view your quarterly statements and obtain a snapshot of your account activity for the prior 30 days. There are also various forms that you can download and print including the Application for Catch-Up, Personal Information Change Request, and Distribution form (to be used for purchase of service credit). These forms cannot be submitted online—you must print, fill out, sign and mail the form to the address provided.

If you do not have internet access you can obtain account information using the SMART Plan’s automated voice response system at 1-877-457-1900, option 1. Please note the automated system may prompt you for a plan number. If so, select option 1 for plan number 98966-01. Your social security number and PIN number are required to access your account by phone. If you do not have your PIN number you should speak to a Customer Service Associate for assistance. Customer Service Associates are available to assist you Monday through Friday between 9 am and 8 pm.

### Forgot Your PIN Number?

- > Visit [www.mass-smart.com](http://www.mass-smart.com)
- > Click on the “Account Access” link
- > On the login page, click on the “Forgot your PIN?” link
- > On the “Forgot your PIN” page, click on the “Order PIN” button
- > On the next page, enter your social security number and click on the “Order Reminder PIN” button
- > Your PIN will be mailed to you within 7-10 business days

If you are not currently enrolled in the SMART Plan and wish to enroll you should contact Walter Manning at (508) 930-3893 or [Walter.Manning@gwrs.com](mailto:Walter.Manning@gwrs.com) to schedule an appointment.

### Calling All Investors!

It’s been about six months now since the transition from deferred compensation administrator ING to Great-West, and we’re looking for your feedback. We’d like to get a sense of your customer satisfaction with our new provider. Are you satisfied with the level of customer service you’re receiving? Is your Great-West representative knowledgeable and service oriented? Have you utilized the 1-877-457-1900 customer service line? Were the Great-West representatives knowledgeable, efficient and able to adequately meet your customer service needs? Is the website easy to use and are you able to access your account information, process transactions as needed, and navigate the site successfully? Please contact us with your comments.

You can call Laura Barbosa or Irene Moran at (617) 568-3951 or e-mail us at [retirement@massport.com](mailto:retirement@massport.com). We’d really like to hear from you!

## Retirees' Corner

### Destination Retirement: Health and Taxes

#### How Portable is Your Health Insurance Plan?

If you're planning to move outside Massachusetts, you should be aware that your health insurance provider may not offer full coverage in the state to which you're relocating. Some plans only provide coverage in Massachusetts while others provide coverage in certain other New England states.\* Only one plan, the Unicare State Indemnity Plan/Basic (or for Medicare-eligible retirees, UniCare's State Indemnity Plan/Medicare Extension), provides full coverage regardless of where you live. So as part of your relocation planning effort, make sure that your current health plan has

adequate coverage in your new location. If not, during the next Group Insurance Commission Open Enrollment period, switch to a plan that better suits your changing needs.

#### What About State Taxes?

Remember- there is no state tax liability for public pensions in Massachusetts. So if you're a retiree or survivor receiving a retirement allowance from Massport, your benefit is not subject to state taxes. Therefore you should not be claiming this as income when you file your state taxes each year. However, this rule is not necessarily portable outside of Massachusetts and your



pension could be subject to state tax depending on the tax laws of the state in which you live. So again, if relocation is in your future, this should be another consideration in your planning process. If you have internet access, check out this helpful map published by our colleagues at the Essex Regional Retirement Board that shows taxation by state: <http://www.essexregional.com/usmap.shtml>.

*\* If you are planning to keep your address in Massachusetts but migrate to warmer climates for extended stays these plans would only cover "emergency" services.*

## Transitions

### Condolences

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

- ☞ Lawrence Arone
- ☞ Hubert Gainer

### Congratulations

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

- ★ Gloria Bouyer
- ★ Marie Dunn
- ★ Karen Feeney Shadley
- ★ Chris Ferraro
- ★ Joseph Gallagher
- ★ Patrick Meagher
- ★ Bob Scherer
- ★ Carl Sciple

## Retirees Receive Annual Increase

Massport retirees were recently awarded a pension increase adjustment of 3% on a base of \$12,000. The benefit increase was effective as of July 1, 2008 and is payable to individuals who retired prior to July 1, 2007. We understand how important the pension increase adjustment is for our retired members and survivors, many of whom are living on a fixed income.

This represents an increase of up to \$30 a month and is the maximum amount the board is allowed to grant under the law.



## Legislative Update

### Expansion of Pension Increase Adjustment Base Legislation Defeated

You may have seen the recent press surrounding the issue of expanding the pension increase adjustment (more commonly referred to as the cost-of-living adjustment, or COLA, base) from \$12,000 to \$16,000. While this represented a modest increase of up to \$120 a year for retirees and survivors, local municipal groups fought against this measure due to fiscal budget constraints. As a result, in early July, the House/Senate Budget Conference Committee rejected this provision thereby eliminating the amendment from the final budget. While this measure was defeated for local retirement systems, there is still a chance that this provision may be ratified for state retirees and teachers. A bill specific to the State Retirement and Teachers' Retirement Systems is still pending in the House.

## 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.

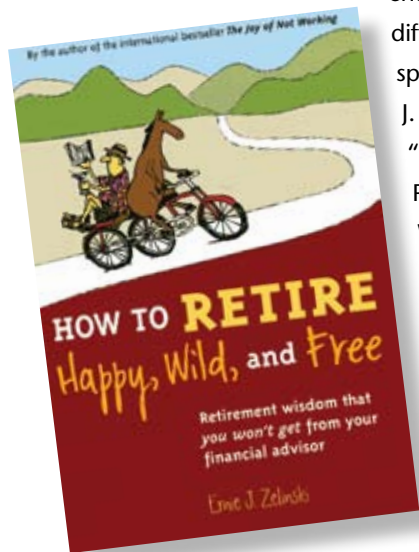


In a few weeks the season of beaches and barbecues will come to a close, and the hectic bustle of autumn will be upon us once again. Hold on to the spirit of summer with a pair of books written to explore the softer, more imaginative side of retirement planning.

### ■ How to Retire Happy, Wild, and Free

By: Ernie J. Zelinski

The word “retire” on a book cover is typically a cue that you’re holding a financial tome packed with strategies for juggling your pension, investments, savings, and insurance plans. This book is of an



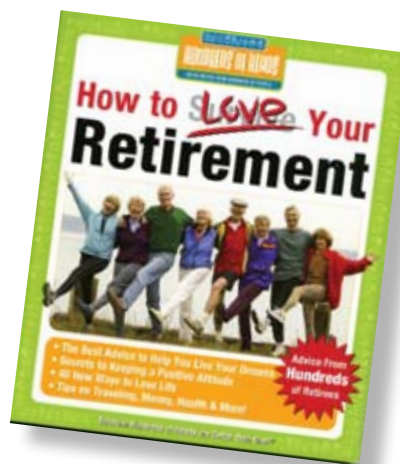
entirely different species. Ernie J. Zelinski’s “How to Retire Happy, Wild, and Free” is a brainstorm of ways to take command of your new-found

free time and enjoy your post-career life to the fullest - it is a guide to life itself. Zelinski dares to suggest that “not writing a book can be more difficult than writing one,” that “you don’t have to be rich to spend a month or two in a warmer climate,” and that it’s always possible to become a “college drop-in.” These bold thoughts and many, many more are waiting to be checked out from the retirement library.

### ■ How to Love Your Retirement: Advice from Hundreds of Retirees

By: Hundreds of Heads

When it comes to retirement planning, you’ve probably read up on the seasoned financial professionals’ approach to the big picture. But what do the retirees themselves say about all the little things that make retired life great? Here is your opportunity to tap into that community wisdom. “How to Love Your Retirement” is a scrapbook of quotes collected from hundreds of real retirees offering their best advice for finding retirement bliss.



TRUST— continued from page 1

Secretary-Treasurer, John P. Pranckevicius; Director of Human Resources, David M. Gambone; Chief of Staff, George K. Hertz; Director of Finance and Treasury, Elizabeth L. Taylor; and a Massport Board appointee as yet to be named. This committee’s duties include setting investment policy, prudently investing fund assets, and performing other administrative functions including financial reporting and record keeping.

Massport is taking necessary steps to begin funding this large post-employment benefit cost over the long term. In addition, the Authority is seeking other ways to afford this benefit, including evaluating the types of plans and services offered and any cost sharing strategies to make this benefit affordable to the retiree, the Authority, and the Authority’s customers. The Authority’s Board recognizes that this is a long term issue that requires careful analysis and has contracted with Hewitt Associates, a nationally recognized benefit consulting firm, who will evaluate Massport’s current retiree health care plans and other post-employment benefits (besides pension) and make recommendations and identify strategies for Massport going forward.

## 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.

### Find Cheaper Gas

Don't burn up fuel while you search for lower gasoline prices - the Internet is here to help! **GasBuddy.com** boasts a network of dozens of websites and thousands of volunteers working together to find the cheapest gas in your neighborhood. Enter your zip code at the top of the page, and you'll be presented with a list of the best deals and links to a map showing the prices near you. You can even arrange for price updates to be emailed to you or sent to your mobile phone!



### Summer Olympics at Your Fingertips

This year, from August 8th to August 24th, the 2008 Summer Olympics are taking place in Beijing . . . and in your computer! Never in all of history has anyone had the kind of access to the Olympic Games that you can enjoy at **NBCOlympics.com**. You can track medal standings, view real-time competition results, watch full-event replays whenever you want, watch two live events at the same time, read bios covering more than 10,000 athletes, and organize a viewing schedule to tell you exactly when your favorite events will be played on your local channel. For the first time ever, your Olympics experience will start with a keyboard and mouse!



*\* 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.*

## 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.

### Managing Editors

Laura S. Barbosa  
Irene E. Moran

### Design

Colvin/Williams Design

### Contributors

Matthew Wight

### Retirement Board

James P. Costello  
*Chairman*

David W. Davis  
*Elected Member*  
(nikidave@aol.com)

Michael A. Grieco  
*Appointed Member*

Philip H. Mallett  
*Elected Member*  
(pmallett@comcast.net)

John P. Prankevicius  
*Treasurer-Custodian*  
(ex officio)

### Retirement Office Staff

Irene E. Moran  
*Director of Retirement*  
(imoran@massport.com)

Laura S. Barbosa  
*Retirement Coordinator*  
(lbarbosa@massport.com)

Nancy Bournival  
*Financial Analyst*  
(nbournival@massport.com)

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

## Calendar

### August

**8**  
2008 Summer Olympics  
in Beijing: Opening  
Ceremonies

**26**  
Retirement checks mailed

**27**  
Retirement Board Meeting  
Logan Office Center,  
Board Room, 9:00 a.m.

### September

**1**  
Labor Day: Massport offices  
closed

First of Ramadan

**11**  
Patriot Day

**22**  
Autumn begins

**24**  
Retirement Board Meeting  
Logan Office Center,  
Board Room, 9:00 a.m.

**25**  
Retirement checks mailed

**29**  
Rosh Hashanah begins at  
sundown

### October

**8**  
Yom Kippur begins  
at sundown

**13**  
Columbus Day (observed):  
Massport offices closed

**28**  
Retirement checks mailed

**29**  
Retirement Board Meeting  
Logan Office Center,  
Board Room, 9:00 a.m.

**31**  
Halloween: Trick or Treat!