



# OUTLOOK

Vol. 10, No. 1  
Summer 2009

Focusing on Retirement Issues for Massport Employees Past and Present

## Massport Board Ratifies New Retiree Healthcare Policy

“... these changes will primarily impact current non-vested Massport employees ... and future Massport employees.”

The Massport board voted in June to amend its retiree health care policy and these changes will primarily impact current non-vested Massport employees (those with less than 10 years of creditable service as of October 1, 2009) and future Massport employees (employees hired on or after October 1, 2009). The Board cited in the vote its desire to provide current and future employees health insurance benefits in a fiscally responsible manner, while adhering to new accounting rules that require retiree health care costs to be included in Massport's financial statements.

These modifications followed an extensive evaluation of our retiree benefit plans by the Authority's board in conjunction with Hewitt Associates, a nationally renowned HR consulting firm.

As we understand it, effective October 1, 2009, Massport will provide the following health insurance benefits to its retirees and survivors:

### Current Retirees and Survivors

Massport will continue to pay 100% of the health insurance premium for current retirees and survivors in addition to existing dental coverage, reimbursement of the Medicare Part B premium

and the \$5,000 life insurance policy (retirees only).

### Vested Employees and Inactive Members (those with 10+ years of creditable service)

At retirement, Massport will pay 100% of the health insurance premium as well as the other retiree benefits listed in the paragraph above for current employees who are

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### Lookout

#### The Times They Are A-Changin'

by Dave Davis

Bob Dylan copyrighted this song in 1964. To many it captured the feeling of the social and political changes of the 1960s. Now things are changing again, but this time it's economics. A local example of this change are the revisions to Massport's retiree health benefits which were put in place by the Authority at their meeting on June 25.

What these "revisions" do is outlined above, but it's fair to say that future employees will bear the brunt of the changes. They will not be able to enjoy

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It's now easy 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.

**NEW POLICY—continued**

vested as of October 1, 2009. These same benefits will also apply to former Massport employees who are vested as of October 1, 2009 and remain inactive members of the Massachusetts Port Authority Employees' Retirement System.

**Non-vested Employees (those with less than 10 years of creditable service)**

Current employees with less than 10 years of creditable service as of October 1, 2009 will be eligible at retirement for an 85% premium subsidy by the Authority for health

	Current Retirees and Survivors	Current & Former Employees Vested as of 10/1/09	Current Employees Not Vested as of 10/1/09	New Hires On or After 10/1/09
<b>Retiree Medical &amp; Rx Coverage</b>	100%	100%	85%	See Tables A & B (ranges from 0% to 85%)
<b>Medicare Part B Reimbursement</b>	100% of standard monthly premium*	100% of standard monthly premium*	85% of standard monthly premium*	Not eligible
<b>Basic Dental</b>	100%**	100%**	85%**	Not eligible
<b>\$5,000 Basic Life Insurance through GIC</b>	100%	100%	100%	Not eligible for subsidy & employee must pay 100% of premium to be eligible for GIC health insurance coverage

*\*Massport will not reimburse for late-enrollment penalties or higher premiums based on modified adjusted gross income.  
\*\*High option dental coverage available but retiree funds 100% of cost differential*


and basic dental insurance as well as the Medicare Part B premium. With regard to the basic \$5,000 life insurance policy, the Authority will continue to pay 100% of the premium cost for these employees during retirement.

**Future employees (employees hired on or after October 1, 2009)**

For employees hired on or after October 1, 2009, the Board voted to implement a sliding scale subsidy for retiree health care premiums (ranging from 0%-85%) based on creditable service at retirement, age (retirees must be age 60 or older to receive the subsidy), and whether or not the employee retired within 60 days after leaving Massport. The Board also voted to eliminate retiree dental and life insurance coverage as well as the Medicare Part B premium subsidy for this group of employees.

Tables A and B below apply to employees hired on or after October 1, 2009. Table A is for employees who retire within 60 days of leaving Massport employment. Table B applies to former vested employees who retire from Massport later than 60 days following separation of employment.

At the same meeting the Board also voted to set

aside another \$15 million, on top of the \$63 million they previously put into a special Retiree Benefits Trust to pay for retiree health care costs. This money will be conservatively invested (much like the pension system) and is expected to grow to help defray Massport's retiree health care costs in the future. 

**Not Yet Vested? Eligible to buyback service?**

If you are currently not vested (meaning you have less than 10 years of total creditable service) and you're eligible to purchase prior service or military time but you're not sure if doing so will get you to ten years by October 1, 2009, please contact the retirement office. We can verify whether or not your current Massport creditable service combined with a service purchase will result in vesting by the deadline. Remember, in order to be eligible to receive the same level of health insurance at retirement as our current retirees you must be vested as of October 1, 2009. And any prior service or military buyback being purchased to meet this requirement must be completed by September 30, 2009.

**Table A: Employees hired on or after 10/1/09 who retire within 60 days of separation of employment**

Years of Service	Employer Subsidy Level (Medical & Rx) *Dental & Part B Eliminated
<10	0%
10-14	45%
15-19	55%
20-24	65%
25-29	75%
30 or more	85%

**Table B: Employees hired on or after 10/1/09 who retire later than 60 days after leaving Massport**

Years of Service	Employer Subsidy Level (Medical & Rx) *Dental & Part B Eliminated
<10	0%
10-14	22.5%
15-19	27.5%
20-24	32.5%
25-29	37.5%
30 or more	42.5%

# Legislative Update



## Pension Reform

**O**n June 16, 2009, Governor Deval Patrick signed Chapter 21 of the Acts of 2009, An Act Providing Responsible Reforms in the Pension System. While the provisions of this “pension reform” bill do not result in significant benefit changes for most of our members, we thought we’d summarize some of the bill’s key amendments:

### Elected Officials

Elected officials retiring after July 1, 2009 will not be eligible to receive a year of creditable service for a period of less than one year in elective office. This eliminates the so-called “one year for one day provision”. Creditable service for elected officials will now solely be based on actual time served during any given year.

Elected officials are also no longer eligible for termination allowance pensions. This provision

allowed an elected official under age 55 with a minimum of 20 years of creditable service who failed nomination or re-election to receive an enhanced pension.

### Definition of Regular Compensation

There were some statutory changes to the legal definition of “regular compensation”. The intent of these amendments was to eliminate certain types of payments from being considered regular compensation and included in retirement calculations, such as housing and clothing allowances. We do not believe that any of these changes will impact or modify going forward what type of pay is regular compensation for Massport employees. Currently base salary and vacation buybacks are the only types of Massport pay that are includable as regular

compensation (with the exception of premium pay for working holidays for Massport firefighters). This does not change under the new legislation.

### Accidental Disability Retirement Allowances

The method of calculating annual average pay for accidental disability calculation purposes has been modified. This applies only to retirements effective on or after July 1, 2009. The change is too difficult to explain in the context of this newsletter, but retirement staff is happy to answer any specific questions you might have.

### Dual Members

The retirement calculation rules have changed for dual members effective January 1, 2010. Dual members are members who are employed at more than one Chapter 32 employer and are contributing to

and a member of two or more retirement systems concurrently. Previously these members could combine their service (with no overlap) and salary from both employers into one retirement calculation. Beginning next year, the retirement allowances from each separate employer will be calculated separately and then added together.

## Transitions

### Condolences

We offer our sincere condolences to the family and friends of **Donna Rauseo** of Massport’s Executive Administration department. Donna passed away on June 9, 2009.

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

- ☞ Lewis Carifio
- ☞ Joseph Picardi

### Congratulations

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

- ★ Dan Boland
- ★ Don Boyington
- ★ Ron Clark
- ★ Marty Connolly
- ★ Dan Fitzgerald
- ★ Luisa Foley
- ★ Peter Gill
- ★ John Jakutis
- ★ Bob Keeler
- ★ Doug Leonard
- ★ Dee Shepard
- ★ Philip Stenberg
- ★ Theresa Troiano

## Transportation Reform

As you are probably aware, Governor Patrick recently approved the legislature’s transportation reform package. While Massport as an organization remains intact as an independent state authority, the Tobin Bridge and its employees will be transferred to a newly created transportation agency called the Massachusetts Department of Transportation (MassDOT). In addition to the Tobin Bridge transfer, Massport will also take full ownership of the Worcester Regional Airport.

Many of the details are still being worked through including specifics regarding the transition of our Tobin Bridge colleagues to this new agency. We will keep you posted as we get more information.

## Retirees' Corner



### Retirees: Electronic Communication

If you are retired and use email, then we'd like to hear from you! Retirement staff is in the process of compiling a list of retiree email addresses so we can communicate with you electronically from time to time.

If you are interested and would like to be included in our list, please drop us a line! We will not share your email address or personal information with anyone. It will be used for retirement purposes only.

To participate, please email [mwright@massport.com](mailto:mwright@massport.com) and include your name and telephone number.

### Retiree Affidavit Reminder

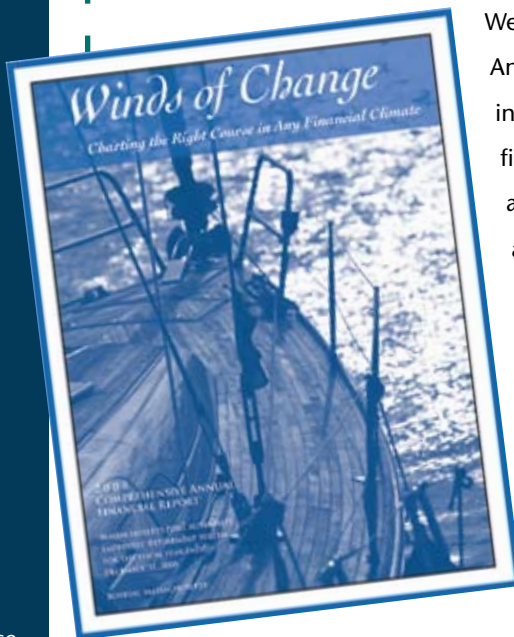
We recently mailed the annual affidavit letter to retirees. Completed affidavits were due back to the retirement office on July 1, 2009. We'd like to thank our retirees who have promptly returned their affidavits to us and encourage those who have not to please do so as soon as possible to avoid an interruption in benefit.

As a reminder, retirement staff member Laura Barbosa is a Notary and is available to notarize your affidavit for you. Please call the retirement office at (617) 568-3951 to schedule an appointment.



## For Your Benefit

### Annual Report Mailed to Members



We recently mailed our 2008 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.

We have submitted the 2008 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 nine years.

### Help us go green!

You can save paper and trees by choosing to receive next year's annual report online. Send us your email address and we'll put you on a list to receive the report electronically. Contact Matt Wight at [mwright@massport.com](mailto:mwright@massport.com).

DAVIS—continued

a subsidy for the health care premiums until they are 60, and then the amount of the subsidy will be calculated by a formula utilizing length of service, age, and whether the employee retires from Massport or delays retirement until a later date. Also, for these newcomers there will be no dental insurance, no life insurance, and no reimbursement for Medicare Part B premiums.

Massport's actuaries calculate that these changes will save the Authority \$700 million over the next 30 years. Looking at it another way, the long term Massport liability for benefits will be lowered by 40%. Given the past financial success of the Authority, do those savings justify the changes? I think so.

Some may say that I have a personal interest when arguing that these changes are good in that, as a retiree, my generous health benefits package is left intact. This is true. My health benefits package will be unaffected. However, I think that everyone reading this article should understand and, hopefully, feel good about these changes. Why? Because the changes go a long way toward protecting the future financial health of the agency, and thus protecting

the health benefits of all concerned, even future employees.


We all know we are living in difficult times. The jobless rate is the highest it has been in over a quarter century, home foreclosures abound, and credit card debt is soaring. Massport income is declining in all its major facilities. At the same time, the Authority is facing a \$7.6m contribution to the pension fund . . . 14 times the amount originally forecasted because of last year's world wide stock market meltdown. And the new transportation reform act removes the bridge from the Authority's ownership . . . and the bridge is a moneymaker.

I personally believe that all this signals a greater change. I disagree with the pundits who predict that the economy will bounce back quickly to previous levels. I think the bounce will be slight and slow. I believe that the change in the American economy is profound, and that it will be painful. I think we are moving from an economy largely based on consumer spending which, in turn, is based on credit (no, or minimal, down payments, home equity loans, credit cards, etc) to an economy where credit is harder to get and where saving is very important. This means people will think harder about purchasing vacation

travel and consumer goods. It will be tough to buy a house without a substantial down payment. This "savings economy" will slow the bounce-back in Massport revenues.

Of course the Authority has had to make other painful decisions to cope with declining income. A salary freeze, painful as it is, is a fact. Layoffs are possible. The list goes on.

There are other arguments favoring this change in benefits. Frankly it makes Massport a smaller target for the press and thus the legislature that regularly criticizes the authority's "extravagant" benefits. In fact the Massport package may well become a model for others.

I can go on, but newsletters do have limited space. But before I close, let me mention one "wild card" which could change everything. It is Universal Health Care . . . a concept which has overwhelming public support, but has not been defined in terms of how it is paid for, whether the government will participate as a competitor to insurance companies, and so on. I'm in favor of it, and of course I think I know how it should be structured, but that's material for another column. 

## Calendar

### July 28

Retirement checks mailed

### 29

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

### August 19

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

### 21

Ramadan begins at sundown

### 26

Retirement checks mailed

### September 7

Labor Day: Massport offices closed

### 11

Patriot Day

### 18

Rosh Hashana begins at sundown

### 22

Autumn begins

### 25

Retirement checks mailed

### 27

Yom Kippur begins at sundown

### 30

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

## 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.

### Summer Adventures in Boston

Whether you're on a vacation, staycation, or just sticking to the daily grind in these summer months, there are lots of fun things to do and interesting places to go in

Boston during the summertime. The City of Boston's visitors page, at [www.cityofboston.gov/visitors/](http://www.cityofboston.gov/visitors/)

**free.asp**, serves up a long list of free (and almost free) things to do, and has downloadable audio tours

of Boston landmarks.

Check out the DCR Hatch Memorial Shell schedule, at [www.mass.gov/dcr/hatch\\_events.htm](http://www.mass.gov/dcr/hatch_events.htm), for info on free

concerts and

movie nights on the Esplanade.

The Boston Harborwalk

events calendar, at [www.bostonharborwalk.com/events](http://www.bostonharborwalk.com/events), is packed with events taking place

close to Massport facilities in Boston.

*\* 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.*



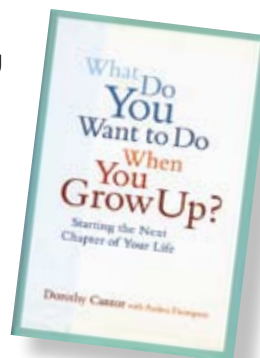
## Book Corner

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.

### ■ What Do You Want to Be When You Grow Up? Starting the Next Chapter of Your Life

By: Dorothy Cantor

"What will I be doing when I'm no longer spending most of my time at the work I'm doing now?" That's one of the questions Dorothy Cantor has us ponder in *What Do You Want to Be When You Grow Up, Starting the Next Chapter of Your Life*. Instead of focusing on the financial side of planning for life's next chapter, Ms. Cantor challenges us to take stock of our life and map out plans for a future that will be meaningful and deeply satisfying. This book is full of stories from people in the midst of transitioning from one career to another or into retirement. Borrow this book and spend some time reflecting before the hustle and bustle of fall sets in.



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