

## Davis and Mallett Re-Elected

The retirement board election results are in!

The two employee representative positions will be held by:

- David W. Davis
- Philip H. Mallett

The breakdown of the votes was as follows:

Candidate	Total Votes
Donna M. Lane-Hickey	247
David W. Davis	664
Philip H. Mallett	504
William L. Dickerson	140
Lukoji E. Mulamata	24
Dennis J. LaColla	105

Ballots were counted on January 7, 2005 and the representatives' three-year terms began on January 10, 2005. Approximately 50% of eligible voters participated in the 2005 retirement board election.

### Voting by Secret Ballot

More than 50 votes were disqualified because the name and signature line on the outside envelope was left blank. Some members were concerned about the privacy of their vote.

For explanation purposes: the outside envelope is used to verify the name (to ensure

that there is only one vote per person). The orange envelope containing the name is then separated from the white ballot envelope. The white envelopes are then gathered together and opened so the votes can be counted. The reason for having two envelopes is to protect your anonymity. We go to great lengths to maintain the integrity of the election process and protect the anonymity of our members' votes. We hope this makes people feel more comfortable about voting in future elections.

## State Taxes and Retirement

### Employees Can Deduct Contributions

When completing your Massachusetts state taxes, be sure to deduct the amount you contributed to the Massport Employees' Retirement System (up to \$2,000). If you use the standard Massachusetts 2004 tax form known as Form 1 this deduction appears on line 11.

### Retirees Are Exempt in Massachusetts

As a reminder, your Massport pension check is exempt from Massachusetts state taxes. If you live outside Massachusetts please check with your state's department of revenue or tax office to determine if your pension is taxable.

## Retirees' Corner

### Trading Spaces

For Massport snowbirds who are coming out of hibernation soon, be sure to contact the retirement office when your address changes. Please send your change in writing either by e-mail to [lbarbosa@massport.com](mailto:lbarbosa@massport.com) or regular mail to Massport Employees' Retirement System, 1 Harborside Drive, Suite 200S, East Boston, MA 02128-2909.

### The Shortest Route

Make life easier in 2005! Sign up for direct deposit and have your retirement check deposited into your bank account – saving you a trip to the bank. You will still receive a paystub that looks exactly like your current check and you can monitor your finances from the comfort of your own home. Call the retirement office to request a direct deposit enrollment form.



## Transferring Your Retirement Account: Public Sector Employment & Your Massport Pension

*The major difference between collecting a pension from Massport and another state system would be the additional benefits (i.e. health coverage, etc.).*

Once you accept a job at another public employer in Massachusetts your retirement account is transferred and you are no longer a member of the Massport Employees' Retirement System; therefore you have no claim to a Massport pension. The pension benefits for public employees across the state are generally the same in terms of dollar value so the major difference between collecting a pension from Massport and another

state system would be the additional benefits (i.e. health coverage, etc.). The impact of this is something you should consider *before* accepting a position at another state entity.

When you accept a job at another state entity you are required to list your prior public service on their retirement enrollment form. If you still have money in our system, MPAERS is notified of your employment and your account is transferred to your new retirement system.

Massport is one of 106 public retirement systems in Massachusetts governed by Chapter 32 of the Massachusetts General Laws. The pension plans for cities, towns, and most state agencies fall under Chapter 32, one exception being the MBTA which has a separate retirement system.

If you have questions about transferring your retirement account, please contact the Massport retirement office at (617) 568-3951.

## Deadline to Apply for Military Buybacks is March 30

In September 2004 the Massport Employees' Retirement System notified active members about the changes to the definition of a veteran and the new eligibility guidelines for military service buybacks.

According to the new law, any member of the Army, Navy, Air Force, Marines, or

Coast Guard who has served at least 180 days active duty will be considered a veteran provided that he or she was discharged under honorable conditions. Certain members of the National Guard and Reservists in the Armed Forces who were called to active duty may also be eligible; however members who performed active duty for training are still ineligible for this benefit.

To earn retirement credit for your military service (up to four years) you must complete the military buyback application by March 30, 2005.

Submitting the military buyback application and your Form DD214 to the retirement office preserves your right to complete the buyback at a later date. You are not obligated to begin payments and can always opt out of doing the buyback. In order to complete the buyback you must be an active employee. To get credit for the service, payments must be made prior to retirement.

Access the military buyback application online at [www.massport.com/about/retir\\_public.html](http://www.massport.com/about/retir_public.html) or contact the retirement office to request a form.



## Higher Interest Rate for Buybacks Starting July 1, 2005

**P**rocrastinating about your retirement creditable service buyback? Now is the time to take action. Based on a change in the law, any buybacks initiated after July 1, 2005 will be charged a higher rate of interest.\* The interest rate for new buybacks will be 3.875%. This is equal to half of the pension fund's actuarial assumed investment return rate which is currently set at 7.75%.

### Waiting Will Cost You

The change in the law means that anyone who starts a buyback after July 1, 2005 will pay significantly higher interest than what people pay now under the current system (as an example, the 2004 interest rate was 0.6%). An employee who starts his or her buyback prior to July 1, 2005 could save a considerable amount of money depending on the total cost of the buyback.

This change affects public employees across Massachusetts and is not individual to Massport. Any employee who begins a buyback through payroll deduction prior to July 1, 2005 will not be affected.

The interest rate for the period between January 1, 2005 and June 30, 2005 was not known at press time but will likely be around 1%. Under the current system the rate is set annually by the Commissioner of Banks and the Public Employee Retirement Administration Commission and is usually equivalent to the amount of interest accumulated on a passbook savings account.

### Payment Options for Buybacks

As a reminder, members have three options when paying for creditable service buybacks at Massport:

#### 1. Lump sum payment –

write a personal check payable to the Massport Employees' Retirement System.

**2. Rollover** – transfer funds from your deferred compensation account or IRA.

**3. Payroll Deduction** – payment is deducted from your weekly paycheck for a period of up to five years.

If you are paying through payroll deduction your buyback does not have to be completed by July 1, 2005 but your deductions need to have started prior to that date to take advantage of the lower interest rate.

### Allow Time for Rollovers

If you would like to pay for your buyback with a rollover from

ING or another retirement account, please be sure to have your paperwork in as early as possible as this process can take up to 90 days and you would be responsible for paying the higher interest rate if the payment is not received by July 1, 2005.

\* Military buybacks are not affected.

*“Anyone who starts a buyback after July 1, 2005 will pay significantly higher interest than what people pay now under the current system.”*

## What is a Buyback?

Creditable service buybacks can increase your total retirement creditable service and potentially boost your future retirement allowance. You could be eligible for a creditable service buyback if you had a period of temporary service at Massport or previously contributed to a state retirement system and received a refund of your deductions.

For more information about creditable service buybacks and the interest rate changes please contact the retirement office at (617) 568-3951.

## Retirement Tables Updated – Options B & C Most Affected

**I**f you are planning to retire in 2005, speak to the retirement staff about how your benefit will be impacted by changes in the retirement mortality tables (as reported in the last issue of *Outlook*). For most people these changes are positive – especially employees choosing Option C! We are still

analyzing the new tables which we received from the Public Employee Retirement Administration Commission (PERAC) at the end of December 2004. The retirement office will continue to provide updates about the new mortality tables and how they affect retirement benefits in future issues of *Outlook*.

### New Tables Made Retroactive

The Commissioners at PERAC recently voted to change the effective date of the new mortality tables to July 1, 2004. Anyone who retired between July 2004 and December 2004 and chose Options B or C will have his or her retirement benefit recalculated. If affected, the retirement staff will notify you personally.

# 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.

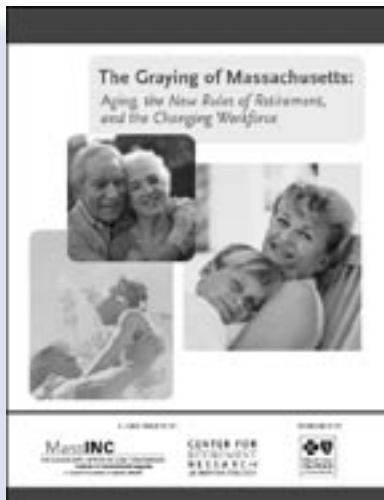
## Looking Back on 2004

It's the most wonderful time of the year...for tax accountants. If you are a do-it-yourselfer when it comes to taxes but need a little help, go to **www.bankrate.com** and scroll down to find a link to the Taxes section. This site contains numerous articles, links and calculators on this very popular topic. It even has information on each state's tax laws and allows you to download the IRS' most popular forms all in one place.



## A Different State of Mind

The web site for the Massachusetts Institute for a New Commonwealth **www.massinc.org** is an interesting place to learn about issues we currently face in Massachusetts. Described as a nonpartisan think tank, some of its more recent research includes data on the commuting times of Massachusetts residents as well as a report on retirement and aging called "The Graying of Massachusetts."



## In Self Defense

The Federal Trade Commission has devoted a section of its web site to the important issue of identity theft. Here you will find tips and tools to protect yourself from those looking to commit fraud or theft by exploiting bits of personal information such as your social security number, bank or credit card account numbers. Go to **www.consumer.gov/idtheft** and learn more about this increasingly common crime and ways to safeguard your identity.



\* 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:

- ♥ Anthony Ciampa
- ♥ Joel Hirschon
- ♥ Carl Maccarone

### Congratulations

The following person retired recently and we wish him all the best for a successful future:

- ★ Richard Limone

## Using Quicken to Manage Your Money

**R**etired HRIS Specialist Linda Iannaco from Human Resources has been a user of money management software since 1996. She and her husband Ron currently use Quicken to manage their checkbook, pay bills, track retirement funds and calculate their net worth.

### Dive in with Data Entry

Linda acknowledges that the initial work to set up any money management program can be overwhelming since it involves entering a lot of financial information onto your computer, however, she is quick to point out that “once you get it in there it saves time in the long run.”

Using money management software allows you to review your overall financial picture (for better or for worse) and know where you stand, what areas are doing well and what needs improvement. Linda especially likes being able to check on her bottom line with the push of a button. “At a glance it tells me exactly what I’m worth today,” she says.

### Multi-tasking Your Money

Quicken can be adapted to fit the needs of each user. “It tells me what bills are due soon,” notes Linda. “When we were working full time we had our paychecks set up so that deductions were distributed to the appropriate categories,

e.g. state and local taxes, retirement, deferred comp, high option dental, etc., so all I had to do was hit enter.” Quicken monitors Linda and Ron’s savings bonds, cd’s and other investments and tracks their assets as well as their charitable contributions. At tax time they simply transfer all their data to TurboTax, Intuit’s tax software program and hit the ground running.

Now that she uses Quicken, Linda estimates that it takes about four minutes to reconcile her checks every month and back up her program on a disk. Her next endeavor might be online banking or electronic bill paying. Quicken also has tools to help with budgeting and it can chart your flexible spending account information. You could manage almost your entire financial life through Quicken if you wanted to and the effects of this may have a bigger impact than you think.

### Life’s Big Choices

When Massport offered an early retirement incentive in 2003 Linda and Ron faced some critical choices and Linda credits Quicken with helping them to clearly examine their options. “I think Quicken had a lot to do with my decision to retire,” she says. “It helped us feel comfortable with the decision because we knew exactly what we had.”



*“I think Quicken had a lot to do with my decision to retire.”*

### Product Options

Quicken ranges in price from around \$30-\$55 depending on the features you choose. An older version may be less expensive and just as good for a beginner to use. There are many money management software programs out there and Quicken is just one example. Check out customer reviews on sites like Amazon.com and Epinions.com to get more information about different software products before you buy.

Do you use Quicken or Microsoft Money? Are you willing to share your experiences with Outlook? Please e-mail [retirement@massport.com](mailto:retirement@massport.com) and give us your feedback.

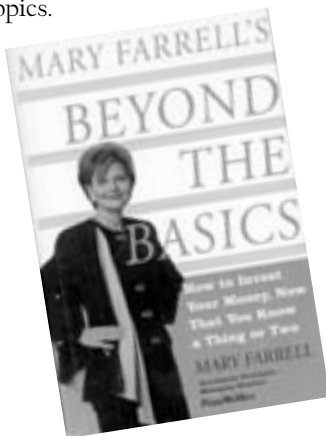
# Book Corner

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:

## Beyond the Basics

By Mary Farrell

If you are ready to delve deeper into the world of investing and take your retirement planning to the next level, Mary Farrell's book "Beyond the Basics" can be your guide. Written by a former managing director at PaineWebber, this book discusses mutual funds and stock picking, the pros and cons of using a portfolio manager, buying bonds, a look at alternative investments, investing for your children, and wealth preservation, among other topics.



## The Retirement Catch-up Guide

By Ellen Hoffman

If you want to make up for lost time with your retirement planning, check out this book which boasts "54 real-life lessons to boost your future retirement resources now." Hoffman offers useful tips for all kinds of people whether you are getting off to a late start or looking to build on your current savings. This book offers helpful advice for anyone feeling financial pressure from personal situations like debt, bankruptcy, job loss and divorce and provides possible solutions for overcoming these obstacles and saving more for retirement.



# Calendar

## FEBRUARY

- 9 Ash Wednesday  
Chinese New Year
- 14 Happy Valentine's Day
- 21 Presidents' Day: Massport offices closed.
- 23 Retirement Board Meeting: Logan Office Center, Board Room, 9:00 a.m.  
  
Retirement checks mailed

## MARCH

- 17 Evacuation Day (Boston): Massport offices open  
  
Happy St. Patrick's Day
- 20 Spring begins
- 27 Easter
- 28 Retirement checks mailed
- 30 Retirement Board Meeting: Logan Office Center, Board Room, 9:00 a.m.

## APRIL

- 3 Daylight Savings Time begins – *spring forward!*
- 18 Patriot's Day: Massport offices closed
- 23 Passover begins at sundown
- 26 Retirement checks mailed
- 27 Retirement Board Meeting: Logan Office Center, Board Room, 9:00 a.m.  
  
Administrative Professionals Day

\*Meeting schedules are subject to change.

## Retirement Board & Staff

**Outlook** is published quarterly by the Massachusetts Port Authority Employees' Retirement System (MPAERS) One Harborside Drive, Suite 2005, Boston, MA 02128, (617) 568-3951

**E-mail Outlook:** [retirement@massport.com](mailto:retirement@massport.com)

### Managing Editor

Lisa Allen Brown  
[lbrown@massport.com](mailto:lbrown@massport.com)

### Design

Colvin/Williams, Inc.

### Contributors

Linda Iannaco

### Retirement Board

James P. Costello, *Chairman*  
David W. Davis, *Elected Member* ([nikidave@aol.com](mailto:nikidave@aol.com))  
Michael A. Grieco, *Appointed Member*  
Leslie A. Kirwan, *Treasurer-Custodian* (ex officio)  
Philip H. Mallett, *Elected Member* ([pmallett@comcast.net](mailto:pmallett@comcast.net))

### Retirement Office Staff

Irene E. Moran, *Director of Retirement* ([imoran@massport.com](mailto:imoran@massport.com))  
Nancy Bournival, *Financial Analyst* ([nbournival@massport.com](mailto:nbournival@massport.com))  
Lisa Allen Brown, *Retirement Communication Specialist* ([lbrown@massport.com](mailto:lbrown@massport.com))  
Laura S. Barbosa, *Retirement Coordinator* ([lbarbosa@massport.com](mailto:lbarbosa@massport.com))