Chapter 176 of the Acts of 2011 or what is commonly known as “Pension Reform III” went into effect on April 2, 2012. The most significant changes impacting active members are the anti-spiking provisions and the doubling of the interest rate on service purchases not initiated by April 1, 2013.

**Interest Rate Increase on Service Purchases**

*Why the interest rate increase?*
The interest rate increase on service purchases is intended to incentivize employees to purchase service during their initial years of employment. This provides retirement systems with a longer time horizon to invest this money and fund that portion of the pension benefit being purchased.

*Interest rate doubles beginning April 2, 2013*
Active members have until April 1, 2013 to either complete a service purchase or initiate a buyback through payroll deduction in order to avoid the higher interest rate. Currently the interest rate is 3.8125%. So any buybacks initiated after April 1, 2013 will be subject to a 7.625% interest rate. *This does not apply to veteran service buybacks.*

*Act now*
If you have a service purchase you have not yet initiated we encourage you to contact the retirement office soon to discuss your options. A 100% interest rate increase is substantial and will represent a significant increase in the total amount you owe.

**Anti-Spiking Provisions**

*What is anti-spiking?*
Anti-spiking rules are designed to prevent employees from inflating their pensions through larger than average salary increases in years prior to retirement. Similar provisions have been enacted in other states across the country and legislators in Massachusetts followed their lead. The Chapter 176 anti-spiking provisions apply to any member whose retirement date is April 2, 2012 or later.

*Anti-spiking – the 10% rule*
As you know, regular compensation for retirement purposes is wages from which retirement deductions are taken. When we calculate your retirement allowance your highest consecutive three years of regular compensation are ...

— continued on page 5

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Find Us Online At:
http://retirement.massport.com

More Inside . . .
- page 2: For Your Benefit
- page 3: Employment After Retirement
- page 4: Transitions
- page 5: Web Watch
- page 6: Book Corner  |  Calendar
FOR YOUR
BENEFIT

Retirement Staff is Dropping in!

Retirement Drop-in Program
Retirement staff will be holding retirement drop-in sessions at different Massport locations in September. We realize it’s not always easy for you to come to us so we will be coming to you! This is a great opportunity to stop by and pick up forms and have your retirement questions answered without leaving your work site.

Leah Revkin, our new SMART Plan representative (see page 4), will also be on hand to answer any questions you have related to deferred comp.

2012 Retirement Drop-In Schedule

<table>
<thead>
<tr>
<th>Location</th>
<th>Date</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire Rescue Conference Room</td>
<td>Monday, September 10th</td>
<td>10 am – 12 pm</td>
</tr>
<tr>
<td>Hanscom Conference Room</td>
<td>Wednesday, September 12th</td>
<td>10 am – 12 pm</td>
</tr>
<tr>
<td>Conley Administration Conference Room</td>
<td>Friday, September 14th</td>
<td>10 am – 12 pm</td>
</tr>
<tr>
<td>Facilities III Lunch Room</td>
<td>Monday, September 17th</td>
<td>10 am – 12 pm</td>
</tr>
<tr>
<td>Briefing Room</td>
<td>Wednesday, September 19th</td>
<td>10 am – 12 pm</td>
</tr>
<tr>
<td>Fish Pier East 1 Conference Room</td>
<td>Wednesday, September 19th</td>
<td>2 pm – 4 pm</td>
</tr>
</tbody>
</table>

LOC SMART Plan Office Hours

<table>
<thead>
<tr>
<th>Location</th>
<th>Date</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement Conference Room</td>
<td>Tuesday, September 4th</td>
<td>10 am – 1 pm</td>
</tr>
<tr>
<td>Retirement Conference Room</td>
<td>Tuesday, September 18th</td>
<td>10 am – 1 pm</td>
</tr>
</tbody>
</table>

Annual Report Mailed to Members

We mailed our 2011 Comprehensive Annual Financial Report (CAFR) to all members, active, inactive, and retired in June. This report contains our financial statements, plan investment and statistical information as well as a report from our actuary and a frequently asked questions section.

This year our theme is Pride in Public Service in recognition of our members who have dedicated their careers to public service. It also is dedicated to the memory of six colleagues whose untimely deaths were a profound personal and professional loss for those of us in the Massport community.

We have submitted this report to the Government Finance Officers Association’s (GFOA) Certificate of Achievement for Excellence in Financial Reporting program, a recognition we have earned for the past 12 years.

Retirees and Survivors Receive Benefit Boosts

We are pleased to report that the Authority Board unanimously voted to approve the actions of the Massport Employees’ Retirement System (MPAERS) Board increasing both the retiree cost-of-living adjustment base and minimum survivor allowance effective on July 1, 2012.

On behalf of the retirement board, staff and members of the MPAERS we sincerely thank the Authority Board for their support of these important measures.

Cost-of-Living Adjustment (COLA) Base

Annual COLAs are now calculated on a base of $13,000. Accordingly, the 3% COLA recently approved by the retirement board represents an increase of up to $32.50 per month, or $390 per year, for individuals who retired prior to July 1, 2011.

Section 12(2)(d) Minimum Survivor Allowance

The minimum allowance payable to eligible Section 12(2)(d) survivors is now $500 per month, or $6,000 per year.

We understand how important benefit increases are for our retired members and survivors, many of whom live on a fixed income. The board is pleased to grant these benefit increases to its retirees and survivors.
Employment After Retirement

Recent legislation has changed some of the rules governing post-retirement employment. The following outlines what you need to know if you plan on working after retirement.

**Can I get another job after I retire from Massport?**
Yes. If you are retired from Massport you are free to seek other employment; however, if you wish to work in the public sector in Massachusetts you will be subject to some restrictions.

There are far fewer restrictions for working in the private sector unless you are collecting a Massport disability retirement allowance. The hours and earnings limitations relative to public sector employment generally do not apply unless your private sector employment is deemed to be employment associated with a public entity. Such scenarios are rare and dealt with on a case by case basis.

**What are the restrictions on public employment?**
If you are retired from Massport and you go to work for any governmental entity in Massachusetts you face the following restrictions:

- The salary you receive combined with your Massport retirement allowance in the first calendar year of your retirement cannot exceed the current salary being paid for the position from which you retired. You may earn an additional $15,000 over this limit annually beginning your second full calendar year of retirement.*
  - You may only work 960 hours per calendar year.
  - If you are a Massport retiree you are prohibited from working for Massport for one year following the date of your retirement.*

Here’s an example:
John Smith is a Massport retiree receiving an annual retirement allowance of $40,000. The position he retired from is currently paying $80,000. During his first calendar year of retirement John may not earn more than $40,000 and/or work more than 960 hours for any governmental entity in Massachusetts, and is prohibited from working at Massport that year.

Once John has been retired for more than one calendar year, he is able to earn up to $55,000 ($15,000 plus $40,000) working for any public sector employer. This calculation assumes that John’s annual retirement allowance and the pay for his previous position remain the same.

**How do I find out what the current salary is for the position from which I retired?**
Retirement system staff can assist you in determining the earnings limit.

**If I am hired as a “consultant” do these restrictions still apply?**
Yes. Being classified as a consultant does not exempt you from the hours and earnings or Massport employment restrictions.

**How are my earnings and hours monitored?**
It is your responsibility to track your earnings and the number of hours worked and comply with the reporting requirements of M.G.L. Chapter 32, Sections 91 and 91A. It’s important to notify your employer and the retirement office if you are close to or have already exceeded the limits.

**What happens if I exceed the hour and earning limits?**
You are required to reimburse your employer for any earnings that exceed the limit.

If you think you might exceed the hour and/or earning limits you can do one of two things:
- You can waive all or a portion of your retirement allowance for the time period in which you are employed; or,
- You can scale back the hours of your outside public employment.

Contact your employer and the Massport retirement system to discuss your options.

**What about reinstatement?**
Reinstatement is part of a law that took effect in 2004 and it is somewhat complicated. We refer to reinstatement as un-retirement because basically you are undoing your retirement so you can become re-employed in the public sector full-time.

In order to become a reinstated member of a public retirement system under M.G.L. Chapter 32, Section 105 you have to pay back any — continued on next page
New SMART Plan Representative

Please join us in welcoming Leah Revkin as Massport’s new Deferred Compensation SMART Plan representative! Leah currently services Boston’s Metro West area employees in addition to Massport. She holds Series 6, Series 63, and Massachusetts life insurance licenses. She thoroughly enjoys helping people from all walks of life; whether it is explaining the exclusive benefits and necessity of retirement savings to a new employee, exploring investment options with an existing employee, or helping someone transition from work life to life in retirement. Leah also enjoys traveling and the outdoors alongside her family, friends, and dogs!

Leah schedules office hours at the Logan Office Center twice a month. Specific times and dates are posted on Massport’s email public folders and the portal. To make an appointment please call Leah at (857) 225-5719 or send an email to Leah.Revkin@gwrs.com.

The Retirement Office Welcomes Lynn Fullerton

We are happy to announce that Lynn Fullerton has joined Retirement as Retirement Board Coordinator. A Massport employee since 2007, Lynn has held positions in both Diversity and Compliance. Lynn is a Quincy native and in her spare time enjoys reading, going to concerts, and hunting for bargains at yard sales and flea markets. In terms of her new role in Retirement, Lynn especially enjoys communicating with and assisting all of our members. Please join us in welcoming Lynn!

What if I am receiving a disability pension?
If you are collecting a disability retirement allowance you are subject to additional restrictions. The salary you earn combined with your Massport disability retirement allowance cannot exceed the current salary being paid for the position from which you retired, plus $5,000.

In the case of disability retirees, these restrictions apply to both public and private employment. You may be subject to return to work requirements and loss of disability retirement if you are employed in a position that reflects an ability to perform the essential functions of the job from which you retired.

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*Retirement staff can assist you in determining when you are first eligible to earn the additional $15,000 and when you are first eligible to be rehired by Massport.
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.

**Pet Friendly Travel**
Pets are family too and if you’ve ever tried to travel with your pets you can appreciate the challenges of finding pet friendly hotels, restaurants, and other facilities to enjoy with them. Amy and Rod Burkett developed gopetfriendly.com specifically for this reason. Whether you’re planning a visit to Cape Cod, Lake Placid, Hilton Head, or even Niagara Falls gopetfriendly.com will help you locate travel accommodations, restaurants, and activities your family can enjoy with your pets along the way. The website also includes resources such as veterinarians and pet supply stores to help resolve any pet-related issues that may arise during your trip. Visit gopetfriendly.com to start planning your pet-friendly road trip today!

**Pension Reform | Continued from page 1**

averaged and applied to the benefit calculation.

What the 10% rule says is that your three year salary average cannot include regular compensation for any given year that exceeds 10% of the average earnings for the previous two. Any earnings over this limit (a “spike”) cannot be included in a retirement allowance calculation.

There are certain exceptions to the limit that include salary increases due to a change in hours of employment and increases due to a “bona fide change in position”.

Example (table at far right): A member of a local retirement system served as a city councilor for 20 years before being elected mayor for a three year term. As city councilor she received $10,000 per year in regular compensation and as mayor $100,000. Because this member’s salary increased by more than 100% between 2009 and 2010, her salary average will be based on five years instead of three. So what would have been a $100,000 final average salary prior to anti-spiking becomes $64,000 when the new rule is applied.

**Anti-spiking – the 100% salary increase rule**
The second Chapter 176 anti-spiking provision says that if within your last five years of service you receive a salary increase of more than 100% between any two consecutive years, five year salary averaging (instead of three) must be applied to your retirement allowance calculation.

Example (table at far right): This member's actual three year salary average for 2010, 2011 and 2012 is $83,333. However, because the member’s earnings exceeded the 10% limit for 2010, 2011 and 2012 his final average salary will be capped at $80,483.

**Table:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual Salary</th>
<th>Average of prior 2 years salary (a)</th>
<th>10% of 2 year Average (b)</th>
<th>Capped Amount (a) + (b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>$64,000</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>2009</td>
<td>$68,000</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>2010</td>
<td>$78,000</td>
<td>$66,000</td>
<td>$6,600</td>
<td>$72,600</td>
</tr>
<tr>
<td>2011</td>
<td>$83,000</td>
<td>$73,000</td>
<td>$7,300</td>
<td>$80,300</td>
</tr>
<tr>
<td>2012</td>
<td>$89,000</td>
<td>$80,500</td>
<td>$8,050</td>
<td>$88,550</td>
</tr>
</tbody>
</table>

The actual 3-year average is: $83,333 Anti-spiking caps the retirement allowance by limiting the average: $80,483
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.

Retirement Without Borders: How to Retire Abroad in Mexico, France, Italy, Spain, Costa Rica, Panama, and Other Sunny Foreign Places

By Barry Golson with Thia Golson

Did you know an estimated 6.3 million Americans live abroad each year? This is according to the U.S. Bureau of Consular Affairs. If you are seriously contemplating living abroad in retirement or simply want to get a sense of what it’s all about then Retirement Without Borders by Barry and Thia Golson may be for you. The Golsons, who themselves have lived in six different countries, know a thing or two about living overseas. They provide comprehensive evaluations of ten countries emphasizing the pros and cons of each. A profile from someone who has actually experienced life abroad in each country is also included. Making the decision to live abroad should not be taken lightly and there are a multitude of things you should consider including your health care, finances, real estate, taxes, and standard of living. Retirement Without Borders is a good way to begin your fact-finding mission if you are considering a lifestyle change or just daydreaming about one.

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

CALENDAR

August

29 Retirement Board Meeting
Logan Office Center
Board Room, 9:00 am

30 Retirement checks mailed

September

3 Labor Day: Massport offices closed

9 Happy Grandparents Day!

11 Patriot Day: Massport offices open

16 Rosh Hashanah begins at sundown

22 Autumn begins

25 Yom Kippur begins at sundown

26 Retirement Board Meeting
Logan Office Center Board Room, 9:00 am

27 Retirement checks mailed

October

8 Columbus Day: Massport offices closed

12 Quarterly employer match to 457 Plan

24 Retirement Board Meeting
Logan Office Center Board Room, 9:00 am

30 Retirement checks mailed

31 Happy Halloween!