

# utlook



Focusing on Retirement Issues for  
**Massport Employees Past and Present**

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## Massport's Vacation Buyback Program and Your Retirement Benefit Calculation

As some of you know, until recently the issue of vacation buybacks and whether or not they are to be treated as regular compensation for retirement purposes had been pending for a number of years.

Before November of 2018, vacation buybacks were treated as "regular compensation" based on guidelines published by the Public Employee Retirement Administration Commission (PERAC). The Authority regularly withheld retirement deductions from buybacks, just like any other salary payment, and the retirement system included these buybacks in the final average salary used to calculate pension benefits. This practice, also followed by other Chapter 32 retirement systems, was challenged in an administrative appeal and in November 2018 the Contributory Retirement Appeal Board (CRAB) concluded that the payments were not regular compensation. CRAB then issued an "order of partial stay" with regard to vacation buybacks. In that order, retirement boards were directed to stop taking retirement deductions on vacation buyback payments and to refund to any member retiring after the effective date of the order any retirement deductions taken on vacation buyback payments. Further, vacation buyback payments were not to be included in any retirement allowance calculations going forward pending the outcome of the court case. The MPAERS complied

with CRAB's order and we stopped taking retirement deductions on any vacation buyback payments issued from 2019 forward. On August 11, 2022, the Supreme Judicial Court (SJC) issued its decision in the matter of Joseph O'Leary v. CRAB & others, 490 Mass. 480 (8/11/2022) (O'Leary). It upheld the CRAB position that, under Chapter 32 as it then stood, such vacation buyback payments are not regular compensation and may not be included in the calculation of members' pensions.

In the meantime, the legislature acted to protect retirees who had had vacation buyback payments included in their pension calculations and to provide a limited "legacy" provision for both the more recent retirees and other employees who had participated in such programs in good faith prior to May 1, 2018. That legislation, Chapter 147 of the Acts of 2022 which was signed by Governor Baker on August 4, 2022, added a new Section 106 to Chapter 32.

*Continued inside.*



# Retirees' Corner

## Required Minimum Distributions

As you may be aware, the IRS has rules around when you have to begin receiving retirement benefits and/or when you must begin drawing money from retirement savings vehicles, for example the SMART Plan. These are called required minimum distributions (RMDs), and the rules around the timing of these distributions recently changed with the passage of the federal SECURE 2.0 Act.

The chart below shows the RMD ages based on birth dates:

Birth Date Applicable	RMD Age
Before July 1, 1949	70 ½
July 1, 1949- 1950	72
1951-1959	73
1960 or later	75

How this potentially impacts members of the MPAERS, is as follows.

### Members who:

- are not receiving a retirement allowance, and;
- are no longer employed at Massport, and;

- turned 73 on or before December 31, 2023, MUST:

Receive a plan distribution or begin collecting a pension by April 1, 2024.

### MPAERS Inactive Members

If you're an inactive member of the MPAERS with an annuity savings fund account balance, and you turned 73 on or before December 31, 2023 you must either apply to retire or submit a refund request effective April 1, 2024.

Notices are sent to inactive MPAERS members beginning at least a year prior to their RMD deadline.

### MPAERS Retirees

If you are a Massport retiree with a SMART Plan account (or other retirement savings vehicles like 401(k) or 403(b) plans), and you turned 73 on or before December 31, 2023, you must begin taking required minimum distributions (RMDs) from these vehicles by April 1, 2024. It is our

understanding that the SMART Plan sends letters to participants notifying them of their RMD deadline.

### Potential Tax Penalties

If you meet the criteria referenced above and fail to take a distribution before April 1, 2024, you may be liable for a federal tax penalty, which is equal to 25% of the amount that should have been distributed as a required minimum distribution.

## Here to help!

The options relative to RMDs can be quite complicated and we recommend that you consult with your tax advisor if you have questions regarding your individual circumstances. SMART Plan questions should be directed to your SMART Plan representative, Lailany Acosta. Inactive MPAERS members with questions about their annuity savings fund, should contact the Retirement Office.



Jon Turco

## Meet the newest Member of the MPAERS Board, Jon Turco

Jon Turco was elected to the Massport Employees' Retirement System Board in April 2023 and will serve as a member representative through January 10, 2026, the remainder of Michael O'Brien's term.

Jon is a graduate of Malden Catholic and attended Johnson & Wales University. He has been employed at Massport for 30 years. Throughout Jon's time at Massport, he has been a proud member of Teamsters Local 25. Jon serves on the Peabody City Council where he is currently serving his fifth term and he is also serving his sixth year on the Council Finance Committee that oversees a \$170 million budget.



*Continued from front.*

Under that new section, any employee who was a member in service of a Chapter 32 system as of May 1, 2018 and who received vacation buyback payments under a qualified vacation buyback program on or before that date **may** continue to have vacation buybacks treated as regular compensation, **provided:**

- The member consistently participated in the vacation buyback program prior to retirement;
- The member has paid the annuity savings deductions for any prior vacation buybacks for which the annuity savings deductions

have not been paid to the retirement system; and,

- The vacation buyback payments were not made only in the final three (3) years of employment for members who joined the retirement system prior to April 2, 2012 or the final five (5) years of employment for a member who joined the retirement system on or after April 2, 2012.

Because the statute does not define the phrase “consistently participates” or set out the procedures for its implementation, the MPAERS has spent a significant amount of time and effort over this past year developing a supplemental regulation concerning vacation buybacks. This process included multiple communications with our regulator the Public Employee Retirement Administration Commission (PERAC). The supplemental regulation defines “consistently participates” and establishes procedures for implementation.

Whether or not Chapter 32, Section 106 will impact you as a member of the MPAERS will be based on your individual circumstances. The following outlines how retirees and active members are impacted:

## RETIREES

### Retirees with Retirement Effective Dates Prior to November 6, 2018

If you are a Massport retiree and your retirement effective date was prior to November 6, 2018, your retirement allowance will remain unchanged. Any eligible vacation buyback payments have already been included in your benefit calculation. No action is necessary.

### Retirees with Retirement Effective Dates of November 6, 2018 and later

If you are a Massport retiree and your retirement effective date was on or after November 6, 2018, you may be eligible to have your retirement allowance recalculated to include vacation buybacks. This is provided you meet the eligibility requirements and are willing to reimburse the System for any deductions owed for vacation buybacks purchased from 2001 to the date of your retirement.

*You may be eligible if you:*

- Retired November 6, 2018 or later and;
- At retirement received a refund for retirement deductions taken on vacation buybacks and;
- Purchased vacation buybacks during the time period used to calculate your final average salary.



Leilany  
Acosta

## New SMART Plan Representative Leilany Acosta

Leilany Acosta is a Retirement Plan Advisor for Empower, supporting SMART Plan participants in the Boston area. In her role, she conducts both on-site and virtual participant meetings in Massachusetts, to help transform the way employees look at their retirement plans so they can better save for their future. Leilany holds a bachelor's degree in

**You will not be eligible if you:**

- Retired November 6, 2018 or later and;
- Did not purchase any vacation buybacks prior to May 1, 2018 and/or;
- Did not purchase vacation buybacks during the time period used to calculate your final average salary.

We have already notified the retirees identified as being eligible to have their vacation buybacks included in their retirement allowance calculation. If you are a retiree in this category and did not receive a letter from us and believe that you should have, please contact the retirement office.

## ACTIVE MEMBERS

### Active Members with hire dates after May 1, 2018

If you are an active member with a hire date on or after May 1, 2018, any vacation buybacks you have purchased since then or will purchase in the future will not be considered regular compensation for retirement purposes.

### Active Members who did not participate in the Authority's vacation buyback program prior to May 1, 2018

If you are an active member with a hire date prior to May 1, 2018 but did not participate in the Authority's vacation buyback program prior to May 1, 2018, any vacation buybacks you purchased since May 1, 2018 and will purchase in the future will not be considered regular compensation for retirement purposes. Retirement contributions will not be deducted from any future vacation buybacks.

### Active Members who participated in the Authority's vacation buyback program prior to May 1, 2018

If you are an active member who participated in the Authority's vacation buyback program prior to May 1, 2018, you **may** continue to have vacation buybacks treated as regular compensation **provided:**

- You consistently participate in the Authority's vacation buyback program by purchasing vacation for at least half of the years you are

eligible to participate from 2024 to the date of your retirement, and;

- You have reimbursed the MPAERS for any retirement deductions owed on any vacation buybacks processed between 2019 and 2023 and;
- The vacation buybacks were not made only in the final three (3) years of employment for members who joined the retirement system prior to April 2, 2012 or the final five (5) years of employment for a member who joined the retirement system on or after April 2, 2012.

Beginning in 2024 and going forward, retirement contributions will be deducted from any vacation buybacks purchased for all eligible active members.

We understand that this issue can be confusing and complex and we are here to answer any questions you may have.

## Important Reminder

If you are a retiree and received a notice from us relative to vacation buybacks, you have until April 5, 2024 to return the Vacation Buyback Acceptance/Waiver form to the retirement office. Further, if you wish to have your retirement allowance recalculated to include vacation buybacks, you have until January 5, 2025 to submit full payment of deductions owed to the Massport Retirement System.



business management with a concentration in finance from the University of Massachusetts Boston, and has 11 years' experience in the industry.

Leilany schedules office hours at the Logan Office Center twice a month. Specific dates and times are posted on Massport's Connect portal. To make an appointment please call Leilany at (508) 930-2540 or send an email to [leilany.acosta@empower.com](mailto:leilany.acosta@empower.com).



## Deferred Comp Limit Increases for 2024

If you contribute the max to the SMART Plan, please note the limits have increased for calendar year 2024.

### Annual Limits

The 2024 maximum contribution is \$23,000.

### Age 50 and Over Catch-up

If you are, or become, age 50 in 2024 you may contribute an additional \$7,500 for a total of \$30,500.

### “Special Catch-up” Provision

If you contributed less than the maximum at any point in the past, you may be eligible for a “Special Catch-up” program. Under the “Special Catch-up” you can contribute a maximum of \$46,000 (\$23,000 plus an additional \$23,000) in 2024. Please contact SMART Plan Retirement Plan Advisor, Leilany Acosta, for details. Leilany can be reached at (508) 930-2540 or [leilany.acosta@empower.com](mailto:leilany.acosta@empower.com).

### 2024 Employer Match

The Authority will continue the deferred compensation match program in 2024 and will match up to \$3,000 in eligible employees’ contributions to the 457 deferred compensation plan. Distributions are made approximately two and a half weeks after the end of each quarter. The 2024 match schedule is: April 12<sup>th</sup>, July 12<sup>th</sup>, October 11<sup>th</sup>, and December 27<sup>th</sup>. Quarterly match amounts are reported and can be verified on both your weekly paystub or direct deposit notification and quarterly Empower statements.

## Transitions

The following is a list of retirees and members who passed away as well as members who have retired since January 2023.

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

William Burke	Robert Rowley
Anthony DeSimone	Francis Sheehan
Eugene Ford	James Simard
John Jakutis	Michael Sparrock
Douglas Leonard	Danny Thomas
John Leslie	Vincent Tyler
James McGinty	Sujata Whaley
James Murphy	Herbert Wheeler
James O’Connell	Kenneth Williams
Leon Perry	Orville Wilson
James Powers	Philip Zagarri
Kevin Powers	

We also offer condolences to the family and friends of **Kathleen Keating-Patti**, former Senior Accounts Receivable Assistant in the Accounting department at the Logan Office Center, who passed away on December 30, 2023.

## Congratulations

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

Nicholas Barrasso	Daniel Killoran
Wallace Bates	William Kristnofe
Thomas Berninger	Kevin Laffey
Leon Boseian	Bernadette Macon-Bell
Charles Buckman	Timothy Meunier
Robert Calder	Paul Nickerson
Richard Covino	Tyrone Nutter
Warren Cutlip	Karen Romito
Stewart Dalzell	Mary Lou Ross
Charles Delorio	Charles Sanfilippo
Phillip Dea	Robert Sullivan
James Dee	Anthony Sutera
Joseph DiNush	Dan West
Robert Domenico	William Wieners
Richard Gambale	

# Calendar



## March

**10** Daylight Savings Time begins:  
Set clocks ahead one hour

Ramadan begins at sundown

**17** Happy St. Patrick's Day!

**18** Evacuation Day observed  
(Massachusetts)  
Massport offices **open**

**20** Spring begins

**24** Palm Sunday

**28** Retirement Board  
Meeting, 9:00 am

**29** Good Friday

**31** Easter Sunday

## April

**9** Last day of Ramadan

**12** Quarterly employer match to  
457 Plan

**15** Patriots Day (Massachusetts):  
Massport offices **closed**

Tax filing day

**22** Passover begins at sundown

**24** Retirement Board  
Meeting, 9:00 am

**30** Last day of Passover

## May

**27** Memorial Day  
Massport offices **closed**

**30** Retirement Board  
Meeting, 9:00 am

## June

**17** Bunker Hill Day (Massachusetts):  
Massport offices **open**

**19** Juneteenth Independence Day  
Massport offices **closed**

**20** Summer begins

**28** Retirement Board  
Meeting, 9:00 am

# Retirement Board & Staff

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System (MPAERS)

One Harborside Drive, Suite 200S  
Boston, MA 02128  
(617) 568-3951

## Managing Editors

Laura S. Barbosa  
Irene E. Moran

## Design

Shields SGF

## Retirement Board

James S. Hoyte  
*Chairman*  
[james.hoyte@gmail.com](mailto:james.hoyte@gmail.com)

Michael A. Grieco  
*Vice Chairman*

John P. Prankevicius  
*Treasurer-Custodian*

Betsy Taylor  
*Elected Member*  
[betsytaylor31@gmail.com](mailto:betsytaylor31@gmail.com)

Jon G. Turco  
*Elected Member*  
[jturco@massport.com](mailto:jturco@massport.com)

## Retirement Office Staff

Irene E. Moran  
*Director of Retirement*  
[imoran@massport.com](mailto:imoran@massport.com)

Laura S. Barbosa  
*Retirement Member  
Services Specialist*  
[lbarbosa@massport.com](mailto:lbarbosa@massport.com)

Nancy Bournival  
*MPAERS Controller*  
[nbournival@massport.com](mailto:nbournival@massport.com)

Jan Coen  
*Retirement Board Coordinator*  
[jcoen@massport.com](mailto:jcoen@massport.com)

*View past issues of Outlook online  
at [retirement.massport.com](http://retirement.massport.com)*



## For Your Benefit

### Annual Member Statements

We're in the process of completing our 2024 active member statements which will be mailed to you by June 2024. These statements include retirement allowance projections at three ages in addition to the standard beneficiary, account balance and current year contributions and interest information. We encourage you to take this opportunity to review your beneficiary designations. Please contact the retirement

office if you have any questions regarding your statement or wish to change your beneficiaries.