



OUTLOOK

Focusing on Retirement Issues for Massport Employees Past and Present

January 2019



Update on Treatment of Vacation Buybacks

As reported to you in the November 2018 issue of *Outlook*, a recent Contributory Retirement Appeal Board (CRAB) decision in the case entitled *O'Leary v. Lexington Retirement Board and PERAC*, CR-15-30 ("O'Leary"), has rejected our regulator's, the Public Employee Retirement Administration Commission's (PERAC), long standing position that payments made in lieu of taking vacation leave may be considered regular compensation for retirement purposes.

At that time, we reported to you that the O'Leary decision is not final and that, as instructed by PERAC, until the appeal process is concluded in the courts, the MPAERS would be making no changes with regard to the treatment of

vacation buybacks.

Following the release of the newsletter, PERAC informed us that, because it was a party to the O'Leary case, the decision is binding on all Chapter 32 retirement boards. It also informed the boards that CRAB has issued an Order of Partial Stay (the Order), effective November 6, 2018 which modifies how vacation buybacks are to be treated for retirement purposes pending the completion of the judicial review by the courts.

Pending final court resolution and in order to comply with CRAB's Order, the MPAERS will be implementing the following:

For Current Employees and Inactive Members

- Beginning in January 2019, retirement deductions will no

longer be withheld from any vacation buyback payments you receive;

- When you retire, we can no longer include vacation buyback payments as part of the salary average used to calculate your retirement allowance; and,
- Retirement contributions previously withheld for vacation buybacks will be refunded to you *after you retire*. Therefore, refunds on these deductions are being issued only at the time of retirement and only after your retirement application is processed.

For Members who retired prior to November 6, 2018

If you retired prior to November 6, 2018 your retirement allowance will remain in effect pending

“CRAB has issued an Order of Partial Stay (the Order), effective November 6, 2018 which modifies how vacation buybacks are to be treated for retirement purposes pending the completion of the judicial review by the courts.”

— continued on page 6

More inside . . .

- page 2: New Type of Credit Score
- page 3: Gift Card Scams
- page 3: No State Tax on Pensions
- page 4: Deferred Comp Limits 2019/Transitions
- page 5: Deposit Notices/Turning 59 1/2
- page 5: Snowbirds/Bank Account Changes
- page 6: Calendar



Find us online! Simply go to <http://retirement.massport.com>.

A new type of credit score

You are most likely aware that your FICO score is used by lenders to make credit and loan approval decisions. This score ranges between 300 and 850 and is determined using five factors – payment history, amounts owed, length

(a financial technology company), recently announced the advent of the UltraFICO Score. This new credit scoring system could boost your current FICO score by giving you the option of having your personal banking history considered when applying for new credit or better loan terms.

lender can consider when recalculating your score.

How does my banking history help me?

If you show average savings of \$400 without overdrawn balances in the previous three months your FICO score may improve under the UltraFICO scoring system. Factors such as how long your bank account has been open and frequency of activity in and out of your account are also taken into consideration. Seven out of ten consumers, as reported by FICO, who demonstrate responsible banking behavior will see an increase in their score.

The UltraFICO score is set to make its debut early in 2019 as a pilot program available to a small group of lenders but should be more widely available by mid-2019. For more information go to www.fico.com/ultrafico.

Introducing the Ultra FICO® Score



of credit history, credit mix, and new credit. A new scoring system is scheduled to be released in 2019 that will likely enhance this score particularly for consumers with low or even no FICO scores due to poor or very limited credit history.

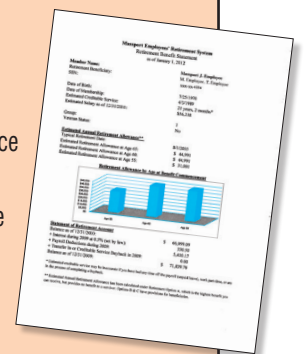
FICO, in conjunction with Experian and Finicity

How does it work?

If you don't have a FICO score or if it's too low to qualify for new credit or is right on the cusp of getting a better interest rate, the lender can use recent banking activity to produce your UltraFICO score. This scoring system relies on your personal financial data to potentially increase your credit score and that data is obtained only with your permission. Additionally, you choose which accounts – checking, savings, or money market – that the

Annual Member Statements

We're in the process of completing our 2019 active member statements which will be mailed to you this Spring. 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.



Beware of Gift Card Scams!

Gift cards are convenient and make great gifts. Unfortunately, because gift cards are like cash, they are also an increasingly popular way for scammers to steal money from you.



Off the rack

One such scam is the theft of unpurchased gift cards right from the racks in retail stores. A scammer very literally takes a gift card off the rack, writes down the card number, scratches off the strip that hides the security code, makes note of the code, and then replaces the strip over the code. With the use of special software that periodically checks the card balance via the internet, the scammers receive an alert that funds have been





loaded on to the pilfered gift cards. To the buyer, the card does not look tampered with and no one is the wiser until, that is, the intended recipient attempts to use the card only to find it has a zero balance.

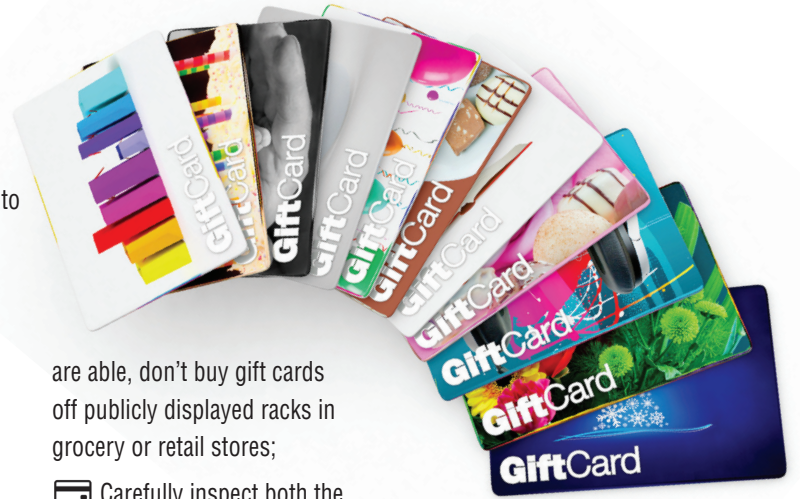
Protect Yourself

While gift card issuers are doing more in the way of security measures with protective packaging and technology that flags suspicious activity, you, as the buyer, can certainly be more vigilant when purchasing gift cards. Here are some suggestions:

-  Buy gift cards directly from the store issuing the card or from their secure website;
-  To the extent that you

are able, don't buy gift cards off publicly displayed racks in grocery or retail stores;

-  Carefully inspect both the front and back of the gift card;
-  Pay attention when the cashier scans and handles the gift card;
-  Keep your receipt as proof of purchase; and
-  If possible, register the gift card on the retailer's website.



We're Deductible!

Did you know that contributions you've made to the Massport Employees' Retirement System are deductible

on Massachusetts state tax returns? Line 11a on the state's Form 1 allows you to deduct up to \$2,000 for contributions to Social Security, Medicare or Massachusetts retirement systems. You can find your total contribution on your pay stub dated December 28, 2018. Don't miss out!



No State Tax on Pensions

As a reminder, there is no state tax liability for public pensions in Massachusetts. Therefore, your Massport pension is not subject to MA state taxes and you should not be claiming this income on your annual filing. However, if you live outside Massachusetts you could be subject to tax depending on the state in which you reside.

For more information, go to <http://www.retirementliving.com/taxes-by-state>.

Deferred Comp Limit Increases for 2019

If you contribute the max to the SMART Plan, please note the limits have increased for calendar year 2019.

Annual Limits

The 2019 maximum contribution is \$19,000.

Age 50 and Over Catch-up

If you are, or become, age 50 in 2019 you may contribute an additional \$6,000 for a total of \$25,000.

“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 \$38,000 (\$19,000 plus an additional \$19,000)



in 2019. Please contact SMART Plan Retirement Plan Advisor, Rich Carty, for details.

SMART Plan Office Hours

Rich Carty, Massachusetts SMART Plan Retirement Plan Advisor, will hold office hours in the Retirement Office at the LOC on the following dates and times:

January 30, 2019	10:00 am – 1:00 pm
February 6, 2019	10:30 am – 1:30 pm
February 20, 2019	10:00 am – 1:00 pm
March 6, 2019	10:30 am – 1:30 pm
March 20, 2019	10:00 am – 1:00 pm
April 3, 2019	10:30 am – 1:30 pm
April 17, 2019	10:00 am – 1:00 pm

To schedule an appointment, please contact Rich directly at (857) 939-6185 or rich.carty@empower-retirement.com.

2019 Employer Match

The Authority will continue the deferred compensation match program in 2019 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 2019 match schedule is: April 12th, July 12th, October 11th, and December 27th. Quarterly match amounts are reported and can be verified on both your weekly paystub or direct deposit notification and quarterly Empower-Retirement statements.

TRANSITIONS

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

- ☞ Gordon Borek
- ☞ Michael Foley
- ☞ Joseph Luongo
- ☞ John Perry
- ☞ Vivian Williams

CONGRATULATIONS

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

- ★ Richard Bartlett
- ★ Kevin Finn
- ★ William Hayes
- ★ Louis Hinckley
- ★ Richard Pelosi
- ★ Elizabeth Sarkodie-Mensah
- ★ Dexter Williams



Notices of Deposit

As a reminder, notices of deposit are mailed to retirees in January and July only. Retirees can access payment history as well as beneficiary, 1099R, and contact information via the retirement self-service portal. You may also

download address and direct deposit change forms.

If you haven't signed up, we encourage you to do so. Online registration is quick and easy! To access the portal, go to <http://retirement.massport.com>, select "Massport's Pension

Plan" from the menu bar on the left side and then click on the "Member Self-Service" link. To register for access, click on the "Self Registration" button then enter the information requested. Be sure to bookmark this website for quicker access.

Attention Snowbirds!

If you're headed to a sunnier destination for the winter, be sure to notify the Massport retirement office of your address change to ensure timely delivery of retirement mailings!

For your security, we require you send us written notice of your address change. Please call the retirement office at (617) 568-3951 to request an address change form, send a note to the Massport Retirement System, One Harborside Drive, Suite 200S, East Boston, MA 02128-2909, or send an email to lfullerton@massport.com.



Changing Bank Accounts?

Attention retirees: It is very important that you alert us of any change to your banking information as soon as possible. If you close the account to which your retirement allowance is direct deposited and don't notify us in time, the bank will reject any attempts to deposit your monthly payment. If this happens a replacement check will be issued but, it can take up to two weeks to complete this process. So to avoid this inconvenience please keep us posted when you change banks or bank accounts!

Retirees turning age 59½

Those of you who retired from Massport before the age of 59 will receive two 1099R forms for the tax year in which you turn age 59½. Per IRS rule, we are required to identify and separate out pension payments you receive both before you turned 59½ and after. This rule only applies for the tax year in which you turn 59½.

Each 1099R form will be different and you

will need both forms when filing your taxes for that year. One form will reflect pension payment amounts for the months before you were 59½ and Box 7 of this form will indicate a distribution code of 2. The other form will reflect pension payment amounts from the month you turned 59½ on and this form will



show a distribution code of 7 in Box 7.

If you have any questions, please contact the retirement office at (617) 568-3951.

— *BUYBACKS* continued from page 1

the completion of the appeal process. Therefore at this time there will be no change in your monthly pension benefit. Whether or not you will be impacted in the future will be determined by the courts as part of the appeal process.

For Members who retire on or after November 6, 2018

- If you retire on or after November 6, 2018, we can no longer include vacation buyback payments in the salary average used to calculate your retirement allowance; and,

- Further, we will be refunding to you any retirement contributions previously withheld for vacation buyback payments *after you retire*.

We understand how concerning this issue is for our members who are or have participated in the Authority's vacation buyback program, especially those who have these payments factored into their retirement allowances, either current or future. We share your concern but also have to acknowledge that as trustees of the MPAERS we must abide by CRAB's

Order and ultimately what the courts decide once the matter is settled.

In terms of timing, we estimate the appeal process may be lengthy and could take up to a few years. This depends on whether it remains on appeal, up through and including, the MA Supreme Judicial Court. We will continue to keep you apprised of any new developments as they arise going forward.

If you have any questions or would like to discuss this matter further, please don't hesitate to contact the retirement office at (617) 568-3951.

CALENDAR

January

- 21** Martin Luther King Day: Massport offices closed
- 24** Retirement Board Meeting Logan Office Center David W. Davis Board Room, 9:00 am
- 31** Retiree 1099R Forms & Notices of Deposit mailed by this date

February

- 14** Happy Valentine's Day!
- 18** Presidents' Day Massport offices closed

- 21** Retirement Board Meeting Logan Office Center David W. Davis Board Room, 9:00 am

March

- 6** Ash Wednesday

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

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

Evacuation Day (Massachusetts)

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

- 20** Spring begins

- 28** Retirement Board Meeting Logan Office Center David W. Davis Board Room, 9:00 am

- April 12** Quarterly employer match to 457 plan

- 14** Palm Sunday

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

Tax filing day

- 16** Tax filing day (Massachusetts)

- 19** Good Friday

Passover begins at sundown

- 21** Easter Sunday

- 26** Retirement Board Meeting Logan Office Center David W. Davis Board Room, 9:00 am

- 27** Last day of Passover

RETIREMENT BOARD & STAFF

Outlook is published 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

Retirement Board

James S. Hoyte
Chairman
(james.hoyte@gmail.com)

Michael A. Grieco
Vice Chairman

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

Betsy Taylor
Elected Member
(betsytaylor31@gmail.com)

Anna M. Tenaglia
Acting Treasurer-Custodian
(ex-officio)

Retirement Office Staff

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

Laura S. Barbosa
Retirement Member Services Specialist
(lbarbosa@massport.com)

Nancy Bournival
MPAERS Controller
(nbournival@massport.com)

Lynn Fullerton
Retirement Board Coordinator
(lfullerton@massport.com)

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