

**HOUSE . . . . . No. 01585**

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The Commonwealth of Massachusetts

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PRESENTED BY:

*Carlo Basile*

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*To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:*

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act improving the semi-private, financially independent, fully funded chapter 32 governed Massachusetts port authority employees retirement system. .

\_\_\_\_\_  
PETITION OF:

NAME:

*Carlo Basile*

DISTRICT/ADDRESS:

*1st Suffolk*

# HOUSE . . . . . No. 01585

By Mr. Carlo Basile of Boston, petition (accompanied by bill, House, No. 01585) of Carlo Basile for legislation to establish a voluntary alternative superannuation retirement benefit program for members of the Port Authority Employees Retirement System. Joint Committee on Public Service.

## The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act improving the semi-private, financially independent, fully funded chapter 32 governed Massachusetts port authority employees retirement system. .

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

- 1 SECTION 1. Adding the following subdivision, as amended by section 12 of chapter 68 of the  
2 acts of 1999, hereby further amends section 5 of said Chapter 32: -
- 3 (5 a) Notwithstanding the provisions of this chapter or any other general or special law to  
4 the contrary, there is hereby established a voluntary alternative superannuation retirement benefit  
5 program for members of the Financially Independent, Fully Funded Massachusetts Port  
6 Authority Employees Retirement System.
- 7 Participation in said program shall be offered as an alternative retirement option at time of hiring  
8 for all group 1 and group 2 employees hired on or after July 1, 2011. Such members opting to  
9 join shall make contributions to the Massachusetts Port Authority Employees Retirement System  
10 at the rate of 14 per cent on all regular compensation.

11 Any current contributing Group 1 and Group 2 member of the Massachusetts Port Authority  
12 Retirement System hired before July 1, 2011, may elect to participate in the alternative  
13 superannuation retirement benefit program. Said election shall be made on or after July 1, 2011  
14 and on or before December 31, 2011.

15 Any current contributing group 1 or group 2 member of a chapter 32 contributory retirement  
16 system who transfers into the Massachusetts Port Authority Employees Retirement System  
17 before July 1, 2011, may elect to participate in the alternative superannuation retirement benefit  
18 program; provided, that said election shall occur within 180 days of establishing membership in  
19 the Massachusetts Port Authority Employees Retirement System.

20 (5 b) Any current contributing Group 1 and Group 2 member who elects to so participate  
21 shall be required to make contributions to the Massachusetts Port Authority Employees  
22 Retirement System at the rate of 11% from regular compensation in place of established member  
23 contribution rates, and the established 2% cap rate under chapter 32 , thereby any current  
24 contributing member presently contributing 5%, 7%, 9%, along with the 2% cap would then  
25 have their contributions adjusted to 11% during the life of their membership in the Massachusetts  
26 Port Authority Employees Retirement System.

27 Current contributing group 1 and group 2 members hired before January 1, 1975 that will have  
28 30 years of service, and would qualify to retire on or after their 55th birthday but would not have  
29 the 5 year minimum contribution requirement fulfilled, shall be allowed to have contributions  
30 made from their 50th to their 55th birthday credited toward their 5 year minimum criteria, and  
31 shall be obligated to make additional contributions in conjunction with the credited amount that  
32 shall equal the 5 year at 10% minimum contribution criteria.

33 Current contributing members that elect not to join this alternative program shall remain at their  
34 present classification and contribution rates established under chapter 32

35 At no time shall any member be allowed to opt into or out of the alternative program except  
36 within the allowable time frame as stated herein. Once a member chooses his retirement option  
37 he shall remain within that option, primary chapter 32 program or alternative program, until such  
38 time as the member retires or leaves his membership in the system.

39 Current contributing members participating in this program are required to make a minimum of  
40 five years of contributions at 11 per cent from of regular compensation pursuant to section 22;  
41 provided, however, that if said member elects to retire before he has made said five years of  
42 contributions at 11 per cent, said member shall pay, in one sum or in installments as the board  
43 may prescribe, an amount equal to that which would have been withheld as regular deductions at  
44 the rate of 11 per cent from his regular compensation for such five year period based on his last  
45 12 months of regular compensation less contributions made during said member's last five years  
46 of creditable service; provided, further, that any inactive member who elects to retire before he  
47 has made said five years of contributions at 11 per cent, said member shall pay, in one sum or in  
48 installments as the board may prescribe, an amount equal to that which would have been  
49 withheld as regular deductions at the rate of 11 per cent from his regular compensation for such  
50 five-year period based on the last 12 months of regular compensation which would have been  
51 paid to said inactive member had said member continued in the position from which he is  
52 currently inactive less contributions made during said member's last five years of creditable  
53 service. Any schedule permitting an acceleration of contributions shall be consistent with the  
54 plan qualification requirements of the Internal Revenue Code and shall, where necessary to meet

55 the requirements of the Internal Revenue Code, provide for an actuarial reduction of benefits by  
56 the actuary appointed by the commission in accordance with the provisions of section 21.

57 Any current contributing Group 1 and Group 2 member who elects to participate in the  
58 alternative superannuation retirement benefit program and pays additional contributions pursuant  
59 to this section and does not complete 30 years of creditable service, shall, upon termination from  
60 membership in or retirement from the system, be reimbursed such additional contributions, plus  
61 regular interest, as determined by the Massachusetts Port Authority Employees Retirement  
62 System and shall be reclassified back into the chapter 32 group in which he was participating in  
63 before employee voluntarily joined the alternative program and at the rate of contribution such  
64 employee would have been obligated to pay if the member had remained in the primary chapter  
65 32 program.

66 (5 c) The normal yearly amount of retirement allowance for an eligible employee  
67 participating in this alternative program who has completed 30 years of creditable service and  
68 has paid the full amount of regular deductions on the total amount of regular compensation as  
69 determined under subsection 5 of chapter 32 , shall be based on the average annual rate of  
70 regular compensation as determined under said paragraph (a) and shall be computed according to  
71 the table contained in said paragraph (a) titled group 2, based on the age of such member and his  
72 number of years and full months of creditable service at the time of his retirement with the  
73 percentage of salary average in such computation to be increased by 1 per cent per year for each  
74 full year of service in excess of 24 years of creditable service; provided, however, that such  
75 member shall have served for not less than 25 years as an employee of the Massachusetts Port  
76 Authority in order to be eligible to receive the benefit provided under this subsection. For any  
77 member who retires prior to age 55, his age factor shall be determined in accordance with

78 subdivision (1) of section 10. For any member who retires before completing 30 years of service,  
79 such member shall receive a retirement allowance equal to the retirement allowance that the  
80 member would have been eligible for had he not participated in the alternative superannuation  
81 retirement benefit program.

82 (5 d) The total normal yearly amount of the retirement allowance, as determined in  
83 accordance with the provisions of this subdivision, of any employee who retires and receives an  
84 additional benefit under the alternative superannuation retirement benefit program shall not  
85 exceed four-fifths of the average annual rate of his regular compensation received during any  
86 period of three consecutive years of creditable service for which the rate of compensation was  
87 the highest or of the average annual rate of his regular compensation received during the period  
88 or periods, whether or not consecutive, constituting his last three years of creditable service  
89 preceding retirement, whichever is greater.

90 (5 e) The Massachusetts Port Authority Employees Retirement System Board shall have  
91 full responsibility implementing this alternative program on behalf of its current group 1 and  
92 group 2 members and shall notify all members within 90 days after this program becomes active  
93 of said members' eligibility and information to aid in members' decision to join the alternative  
94 program or remain in the primary program.

95 Eligibility criteria to participate in this alternative program shall be met by the member if at the  
96 date in which the member retires: (a) member must be a minimum age of 55; (b) member must  
97 have a minimum of 30 years of service in a chapter 32 retirement system; (c) member must have  
98 a minimum of 25 years with the Massachusetts Port Authority; (d) member agrees to increase

99 their contribution rate as required under section (5 a – 5 b) for the full term in which the member  
100 participates in this program.