

**HOUSE . . . . . No. 1585**

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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 adoption 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. 1585**

By Mr. Basile of Boston, a petition (accompanied by bill, House, No. 1585) of Carlo Basile for legislation to establish a voluntary alternative superannuation retirement benefit program for members of the Port Authority Employees Retirement System. 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  
2 of the 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  
4 special law to the contrary, there is hereby established a voluntary alternative superannuation  
5 retirement benefit program for members of the Financially Independent, Fully Funded  
6 Massachusetts Port Authority Employees Retirement System.

7 Participation in said program shall be offered as an alternative retirement option at time  
8 of hiring for all group 1 and group 2 employees hired on or after July 1, 2011. Such members  
9 opting to join shall make contributions to the Massachusetts Port Authority Employees  
10 Retirement System 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  
12 Authority 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  
16 retirement system who transfers into the Massachusetts Port Authority Employees Retirement  
17 System before July 1, 2011, may elect to participate in the alternative superannuation retirement  
18 benefit program; provided, that said election shall occur within 180 days of establishing  
19 membership in the Massachusetts Port Authority Employees Retirement System.

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

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

33 Current contributing members that elect not to join this alternative program shall remain  
34 at their 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  
36 except within the allowable time frame as stated herein. Once a member chooses his retirement  
37 option he shall remain within that option, primary chapter 32 program or alternative program,  
38 until such 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  
40 minimum of five years of contributions at 11 per cent from of regular compensation pursuant to  
41 section 22; provided, however, that if said member elects to retire before he has made said five  
42 years of contributions at 11 per cent, said member shall pay, in one sum or in installments as the  
43 board may prescribe, an amount equal to that which would have been withheld as regular  
44 deductions at the rate of 11 per cent from his regular compensation for such five year period  
45 based on his last 12 months of regular compensation less contributions made during said  
46 member's last five years of creditable service; provided, further, that any inactive member who  
47 elects to retire before he has made said five years of contributions at 11 per cent, said member  
48 shall pay, in one sum or in installments as the board may prescribe, an amount equal to that  
49 which would have been withheld as regular deductions at the rate of 11 per cent from his regular  
50 compensation for such five-year period based on the last 12 months of regular compensation  
51 which would have been paid to said inactive member had said member continued in the position  
52 from which he is currently inactive less contributions made during said member's last five years  
53 of creditable service. Any schedule permitting an acceleration of contributions shall be consistent  
54 with the plan qualification requirements of the Internal Revenue Code and shall, where necessary  
55 to meet the requirements of the Internal Revenue Code, provide for an actuarial reduction of

56 benefits by the actuary appointed by the commission in accordance with the provisions of section  
57 21.

58 Any current contributing Group 1 and Group 2 member who elects to participate in the  
59 alternative superannuation retirement benefit program and pays additional contributions pursuant  
60 to this section and does not complete 30 years of creditable service, shall, upon termination from  
61 membership in or retirement from the system, be reimbursed such additional contributions, plus  
62 regular interest, as determined by the Massachusetts Port Authority Employees Retirement  
63 System and shall be reclassified back into the chapter 32 group in which he was participating in  
64 before employee voluntarily joined the alternative program and at the rate of contribution such  
65 employee would have been obligated to pay if the member had remained in the primary chapter  
66 32 program.

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

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

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

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

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

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