SENATE DOCKET, NO. 833 FILED ON: 1/13/2009

SENATE . . . . . No. 1181

The Commonwealth of Massachusetts

In the Year Two Thousand Nine

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:

SECTION 1. Adding the following subdivision, as amended by section 12 of chapter 68 of the acts of 1999, hereby further amends section 5 of said Chapter 32: -

(5 a) Notwithstanding the provisions of this chapter or any other general or special law to the contrary, there is hereby established a voluntary alternative superannuation retirement benefit program for members of the Financially Independent, Fully Funded Massachusetts Port Authority Employees Retirement System.

Participation in said program shall be offered as an alternative retirement option at time of hiring for all group 1 and group 2 employees hired on or after July 1, 2009. Such members opting to join shall make contributions to the Massachusetts Port Authority Employees Retirement System at the rate of 14 per cent on all regular compensation.

Any current contributing Group 1 and Group 2 member of the Massachusetts Port Authority Retirement System hired before July 1, 2009, may elect to participate in the alternative

superannuation retirement benefit program. Said election shall be made on or after July 1, 2009 and on or before December 31, 2009.

Any current contributing group 1 or group 2 member of a chapter 32 contributory retirement system who transfers into the Massachusetts Port Authority Employees Retirement System before July 1, 2009, may elect to participate in the alternative superannuation retirement benefit program; provided, that said election shall occur within 180 days of establishing membership in the Massachusetts Port Authority Employees Retirement System.

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

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

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

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

Current contributing members participating in this program are required to make a minimum of five years of contributions at 11 per cent from of regular compensation pursuant to section 22; provided, however, that if said member elects to retire before he has made said five years of contributions at 11 per cent, said member shall pay, in one sum or in installments as the board may prescribe, an amount equal to that which would have been withheld as regular deductions at the rate of 11 per cent from his regular compensation for such five year period based on his last 12 months of regular compensation less contributions made during said member's last five years of creditable service; provided, further, that any inactive member who elects to retire before he has made said five years of contributions at 11 per cent, said member shall pay, in one sum or in installments as the board may prescribe, an amount equal to that which would have been withheld as regular deductions at the rate of 11 per cent from his regular compensation for such five-year period based on the last 12 months of regular compensation which would have been paid to said inactive member had said member continued in the position from which he is currently inactive less contributions made during said member's last five years of creditable service. Any schedule permitting an acceleration of contributions shall be consistent with the plan qualification requirements of the Internal Revenue Code and shall, where necessary to meet the requirements of the Internal Revenue Code, provide for an actuarial reduction of benefits by the actuary appointed by the commission in accordance with the provisions of section 21.

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

(5 c) The normal yearly amount of retirement allowance for an eligible employee participating in this alternative program who has completed 30 years of creditable service and has paid the full amount of regular deductions on the total amount of regular compensation as determined under subsection 5 of chapter 32, shall be based on the average annual rate of regular compensation as determined under said paragraph (a) and shall be computed according to the table contained in said paragraph (a) titled group 2, based on the age of such member and his number of years and full months of creditable service at the time of his retirement with the percentage of salary average in such computation to be increased by 1 per cent per year for each full year of service in excess of 24 years of creditable service; provided, however, that such member shall have served for not less than 25 years as an employee of the Massachusetts Port Authority in order to be eligible to receive the benefit provided under this subsection. For any member who retires prior to age 55, his age factor shall be determined in accordance with subdivision (1) of section 10. For any member who retires before completing 30 years of service, such member shall receive a retirement allowance equal to the retirement allowance that the

member would have been eligible for had he not participated in the alternative superannuation retirement benefit program.

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

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

Eligibility criteria to participate in this alternative program shall be met by the member if at the date in which the member retires: (a) member must be a minimum age of 55; (b) member must have a minimum of 30 years of service in a chapter 32 retirement system; (c) member must have a minimum of 25 years with the Massachusetts Port Authority; (d) member agrees to increase their contribution rate as required under section (5 a – 5 b) for the full term in which the member participates in this program.