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MEMBERSHIP RENEWAL:

If you overlooked it, annual dues for fiscal year June 1997-May 1998 are overdue. An asterisk* on the mailing label indicates that PARA records do not show your current dues payment. If you've already renewed your membership, ignore the reminder. If you haven't please complete the form inside and mail together with your remittance. Thank You!

IT'S NOT OVER—JUST ANOTHER BEGINNING

A Report from Al Rubbert

Long before you receive this Newsletter, you will have known via your N.Y. State Employees Retirement Systems pension check that the NYSERS pension supplement retroactive to September 1995 that we fought for and won last year has been extended for another two years.

Obtaining that supplement extension required still another series of missions to Albany as members of the Alliance of Public Retiree Organizations. There we had to get the appropriate legislators in both houses lined up on our side—first to introduce the Supplement Extension in both houses, next to get it passed through both houses, and finally to convince the Governor to sign it.

The extension is now in place until August 1999. Come August '99, however, it too will expire. And before that deadline arrives we will have had to fight for and win still another supplement extension, this one to carry us August '99 through August 2001. Unless.... Unless before next year we will have succeeded in having our primary goal, a new and now improved permanent Performance Cost-Of-Living Allowance program, at last passed through both legislative houses and signed into law.

What happened to the Performance COLA bill we had such great hopes for last June? A last-minute series of obstacles and projected obstacles left it lying on the Senate floor as the Legislators recessed for the rest of the year. As reported below, we will start the fight anew as soon as the '98 Legislature convenes.

But First

But first, a introduction to the Performance COLA concept for both new and future retirees, and a re-introduction for those who could use a refresher.

The Performance COLA is a NYSERS pension COLA plan proposed by NY State Comptroller Carl McCall, and supported by PARA and the Alliance. It would provide a formula under which NYSERS retirees would be allotted a pension increase derived from a fractional share of the annual "profits" of NYSERS' investment portfolio. The first of these annual increases would be based on the first \$12,500 of every retiree's pension. Barring the unforeseeable, that initial base would be increased 1.5% every succeeding year ad infinitum. Again barring the unforeseeable, the plan's "profit-sharing" formula would yield an across-the-board increase of up to 3% of our growing pension base COLA annually, on top, of course, of all previous annual COLAs and supplements.

We used the word "profits" here in the traditional sense to cover the percentage of annual return that exceeds annual expenses. The New York State Employees Retirement Systems estimates its annual expenses to be 8-1/2 percent of its annual portfolio returns. (It bases this estimate upon the actuarial assumption of what it needs to cover present and future obligations.) And no, we wouldn't get all the profits. NYSERS' member state and local employers would get a hefty share. What's left after all this sharing would go into NYSERS reserve funds for use on a rainy day. The Performance COLA concept also includes a NYSERS emergency escape clause—namely that it could opt to skip a COLA increase in any year that its previous 5-year portfolio "profit" average fell below 10%. But don't worry too much about this. For the past 12 years, NYSERS's annual portfolio yield has exceeded 20%! And until the Performance COLA concept emerged, the only beneficiaries of that yield have been its member public

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employers, who have seen their own contributions to the system reduced significantly. The performance COLA will change this one-sided benefit to enable retirees to share the "profits" as well.

What Happened This Fall?

You may rightfully ask: "What happened to this year's COLA legislation as reported in prior Newsletters?" Remember Assembly Bill # A 8161? It was exactly what the Comptroller prepared and we supported. The corresponding Senate BILL #s 4509, however, was a watered-down version defective in many areas. Then about a week before the Legislature ended its session for the year, clearer heads prevailed and the Senate introduced a second bill identical to its Assembly counterpart. It was too late. While the Assembly passed its own bill unanimously in the final days, the Senate dragged its feet and ultimately left its bill on the Senate floor!

Why? we can only speculate. We had deluged the Senate with letters and received many sympathetic and endorsement replies, but it came down to politics. A rumor spread that our champion, Democrat Comptroller McCall, might run for governor against the Republican incumbent, George Pataki. The Republican-dominated Senate therefore pulled back, reluctant to pass any legislation that might help the opposition. The revised Senate bill never came to a vote. As you probably know by now, Comptroller McCall announced on August 8 that he would not be a candidate for Governor, but would run again for Comptroller instead, but the announcement came too late for Republican endorsement of our bill.

More recently, another reason surfaced. A number of public unions (none P.A.) began expressing lukewarm feelings about the program. Some actively opposed it, feeling that it did not do enough for employees. PARA's position, as you know, was that last year's Performance COLA program wasn't perfect, but was a great start.

A Winning Revised Cola Concept

Now we think that Comptroller has found a solution. Indeed, he has been on the stump throughout the state since the legislators went home, pushing a revised and improved concept which we feel will overcome both union and active employee objections. With their active support coupled with that of the retiree block, the revised Performance Cola stands an excellent chance for success in the next Legislative session. Incidentally, your president has attended a number of McCall's presentations around the state, and is pleased to report that the Comptroller is cognizant of your strong support.

Some of the highlights of the new revised legislation areas follow. They would:

1 - Not only continue the "profit" concept and formula, but also establish a special new NYSERS emergency reserve fund for retirees;

2 - Improve benefits, and provide Tier 3 and 4 equity for still-active employees who began working after 1976 (a provision of interest to more than 4000,000 active NYSERS members throughout the state, including many PA staff);

3 - Decrease the required time for vesting from 10 to 5 years—an improvement of particular benefit to you current P.A. employees who opt to leave the PA vested after 5 years on the job in order to raise families.

4 - Provide a death benefit equal to 2-1/2 times Final Average Salary for the beneficiaries of deceased vested members;

5 - Introduce an incentive program that should encourage active employees to participate in NY State-authorized deferred compensation programs by offering participating employers a matching sum of up to \$25 a month to be used to sweeten the deferred account of each employee who enrolls in such a program.

This combined package of new NYSERS Performance Cola reforms is aimed at strengthening retirement security. And for your information, according to the Comptroller's records, not only are NYSERS current costs for providing retiree benefits among the lowest in the country, but they will remain among the lowest after the above programs are enacted.

The new legislation will be introduced into both houses of the Legislature in January as soon as possible after the Legislature reconvenes. As soon as both the Assembly and Senate bills have been numbered, we will send out a Special Notice requesting your help in calling, writing, faxing or E-mailing your respective New York State elected representatives to urge the program's passage. We realize, of course, that many of you are no longer New York State residents, but urge you in turn to call family and friends still resident there to support the Performance COLA legislation. We must always remember that the possible termination of our now-in-place pension supplement in August '99 will remain a constant threat. We must continue to press for a Performance Cola so retirees can keep pace with inflation and live out the rest of their lives with peace of mind and dignity.

"After a certain age, its downhill: that's why time goes so fast!"

KEEPING THE RETIREMENT POT GOLDEN

Lee Goodman, PARA's newest Board member, suggests that many of you now in a second career may have overlooked three potent paragraphs about new Federal pension legislation that he found hidden deep within a recent AARP Bulletin.

1 - Beginning January 1, the maximum amount that can be tucked away tax-free by and for employees covered under a 401(k) or similar retirement plan has been raised to \$10,000 annually. The Feds managed this improvement by redefining the term "compensation," according to the AARP. Of course your new firm may not be so generous, but anything is possible.

2 - The new Federal legislation also pushes back the date when you with 401(k) or several other types of tax-deferred retirement plans (including IRA (Individual Retirement Account) plans, must start withdrawing

your savings. Currently, all participants must start collecting by April 1st of the year following the year in which they reach age 70-1/2, willy nilly, to preserve their funds' tax-deferred status. This ruling still affects you who are fully retired by that age. If you are still working either full- or part-time, however, you may postpone triggering your payout until you're ready to hang up your spurs.

3 - Again, if you're now in a post-PA job and interested in tax-free savings any way you can manage it, not only will you still be eligible to tuck \$2,000 annually in an IRA (Individual Retirement Account) but your non-working spouse will be also. Previously, the non-working spouse in a one-earner household could invest only \$250. (Of course if both of you are working and can spare up to \$4,000 a year, you can invest that too.)

Thank You

Close to 500 PARA members responded to June's Newsletter readership poll, and many added welcome suggestions both for new feature topics and publication improvements. Not surprisingly, almost everyone gave a top-10 rating to the Newsletter's continuing coverage of NYSERS' pension negotiations, health insurance options and retiree benefits. A majority also gave favorable rates of from "6" to "10" to suggestions for running a "Letters to the Editor" column, periodic notes about what the PA is up to, And News & Notes about PA alumnae get-togethers. Almost everything else rated an averaged "5."

All additional comments and suggestions had been reviewed and discussed at PARA's September and November Board meetings and taken over by the appropriate Board member. The most heart-felt suggestion (and we paraphrase): Please don't force your readers to cut up their Newsletters. Instead, isolate "cut & copy" material on a separate page—or at least on page bottom in space not backed up on the other side. Enough said, and Board-approved.

Another suggestion from several readers is that somehow PARA develop, maintain and make available a membership list, recorded either alphabetically or by region. While a great idea, at least at present, this suggestion presents a formidable list of problems. Not the least of these are the problems of: list maintenance; coping with those who don't want or shouldn't be included (among them all Police Officers, active and retired); the cost of printing and mailing out inch-thick documents; and the resulting too-high-for-comfort price PARA would have to charge per copy to recoup its out-of-pocket costs and thus avoid going broke. Bob Foote, however, has volunteered an alternate suggestion good for many of you. Turn to Al Rubbert's "Straight from the Shoulder" column.

NOW ABOUT THE PA'S OWN DEFERRED COMPENSATION PLAN

The new Federal legislation upgrading other deferred income retirement plans also variously affects the PA Deferred Income Program administered by the Copeland Company. The PA program has been open to all active employees for well over a decade. You must know that you can take out any part or all of your fund as soon as you leave the PA and at any time thereafter, whatever the reason. Be aware, however, that if you are a participant who retired any time before New Year's Eve of '97 and have stayed in the plan as a retiree, you must start collecting on this investment, at the latest, beginning on April 1 of the year after you hit age 70-1/2. Your monthly or annual check will be taxable as ordinary income, as must all such deferred-income plans, if you start collecting in time. However, because these payments would be based on government mortality tables governing your age at 70-1/2, you too would have to pay a horrendous percentage of tax on payments if you should delay col-

lecting beyond that age..

On the other hand, if you are still on the job come January 1, 1998, you can if you wish continue to let your money grow until you retire, even if you're still on the job at age 90.

And now for still another possibility. What happens to your Copeland funds if you had retired by the end of 1997 and then decide to return to the P.A. in either full- or part-time capacity any time after New Year's Day 1998? In this instance, your first Copeland will have closed. You would have to start taking payment under the Fed's old rule—at age 70-1/2+—or pay the penalty. However, you will be eligible to open an altogether new Copeland P.A. Deferred Income fund, and keep it going until you retire for good.

STRAIGHT FROM THE SHOULDER

1. Since our last newsletter your PARA Board of Directors met at the Bus Terminal in June, Newark International Airport in September, and the World Trade Center in November. Your current slate of officers was re-elected, and your President agreed to serve until a successor is named. The Board will meet again next spring.
2. It was our pleasure at the November meeting to welcome Lee Goodman P.E. to the Board. Lee retired in 1992 as Manager of Planning & Development's Transportation Planning Division. He is now a member of Parsons Transportation Group-De Leuw Cather, a transportation consulting firm.
3. PARA was represented at all of the Alliance of Public Retiree Organizations meetings in Albany as well as special meetings with the Comptroller in Albany and throughout the State.
4. To those PARA members with an E-mail address, we invite you to contact Bob Foote, a PARA Board member until his move to Florida a year or so ago. Bob has offered to compile an E-mail directory for all those on the system as another means of retiree communication. Bob can be reached at bobfoote@ewol.com.
5. PARA is delighted that the Port Authority Pension Action Coalition (PAPAC) was successful in its mission to have the New York State Employees Retirement Systems include the Amended Vacation Exchange Program (AVEP) for retirement benefits for certain recent PA retirees. While PARA was unable to take an active position in this issue for a number of reasons, we wholly supported PAPAC and participated in several initial meetings. PARA applauds the PAPAC committee for its untiring efforts, and thanks its members for their recognition of PARA in their UPDATE number 9 of November 1997 as follows:

Consider the PORT AUTHORITY RETIREES ASSOCIATION

From our experience with PAPAC, we have learned the value of collective action in protecting our rights as retirees. While PAPAC is being dissolved, the Port Authority Retirees Association (PARA) continues to serve the interests of P.A. retirees. We recommend that if you are not currently a member you join by writing PARA at P.O. Box 331, Ship Bottom, N.J. 08008-0212.

The dues are a modest \$5 a year—perhaps one of the best investments you can make.

6. An audit of PARA financial and other records for the 2-year period ending 12/31/96 was completed by retired auditor Al Czebieniak. In formal auditor language, he reports that "The final figures fairly present the financial condition of the PARA, Inc..." Our thanks to Al, who devoted a considerable amount of his personal time and his in-depth analysis and recommendations to our organization.

7. *Sources of Help:*

P.A. Benefits	800-269-4280
Retirement Systems	518-474-7736
Prudential Insurance	800-772-4683
Social Security	800-772-1213

"There is a vast difference between putting your nose in other peoples' business and putting your heart in other peoples' problems."

HERE'S TO YOUR HEALTH

By Stan Raith, Asst. Editor

Q - What is and is not covered under the Prudential Major Medical Plan for retirees?

A - The P.A.'s Prudential Major Medical Plan is quite comprehensive, but there are differences in coverage, depending upon your year of retirement, your union affiliation if any, and your Medicare eligibility. These multiple differences make it almost impossible to spell out specific coverage details for individual retirees.

We can report, however, that 1) if you are retired but not yet eligible for Medicare; 2) if you or your provider have already been paid by your primary medical insurance, and 3) if you have satisfied Prudential's own annual deductibles, 4) Pru will then reimburse you for 80% of a plethora of remaining "reasonable and customary" medically necessary service charges. Among these are charges for doctors' visits, hospital bills, lab bills, prescription drugs, chiropractic services, physical therapy, and rental or purchase of prosthetic devices or equipment—all bound by the three caveats noted below.

The above Pru Major Medical coverage also applies to you who are on Medicare or a Medicare-affiliated HMO. The one difference is that you must add your Medicare Official Explanation of Benefits to your filled-out Pru Claim forms, etc..

There are three caveats that all should remember. 1) Most, though not all of these medical services may be reimbursed by Pru only if they have been performed or prescribed by a "licensed practitioner" (i.e. MD), and

only if they are deemed "Medically Necessary." 2) Pru may also demand—in addition to your primary care insurance or Medicare statements and its own Pru insurance form—itemized copies of bills for services and charges. Do not, therefore, throw anything away until Pru comes through. 3) If and when you have any doubts about the eligibility of any service or amount of Pru coverage, do not hesitate to call Prudential directly at 800-772-4683.

Q - Someone told me Pru has moved its Medical Insurance offices to New Jersey. True?

A - Yes. Pru's new address is: Prudential Health Care/ P.O. Box 2020/ Millville, NJ 08332-999004. Pru's telephone number, however remains the same—800-772-4683. You may continue to use your old Pru claim forms until your supply runs out and Pru sends you an updated one.

Q - I thought we retirees could use our Port Authority passes for airport parking as well as tunnels and bridges. Am I right?

A - Indeed you are, as several readers have written to tell us. Andy Manzi, who wrote the original PAI on PA passes and continues to know all, advises that current regulations permit you to use P.A. passes at all P.A. airports for free airport parking, but for 6 hours maximum and never overnight. To get in and out free, the PA parker must record the parking ticket number, his signature, and his ID/PA employee number on the back of the PA pass; and his signature, PA ID number, and PA pass number on the back of his parking ticket. Got it?

Port Authority Retirees Association, Inc.

P.O. Box 331, Ship Bottom, NJ 08008-0212

Please print or type:

Last Name _____ First _____ (_____) _____ Home Phone Number _____ Year _____

Check
 P.A. Employee
 P.A. Retiree

Address _____ Town _____ State _____ Zip _____

CHECK : Name, address, or phone number changed? Yes No

Enclosed is \$5.00 Annual Membership Dues (June 1997 through May 1998)

Enclosed is \$ _____. I would like to contribute as a sponsor. Receipts in excess of annual dues are credited as sponsor contributions.

Please submit checks only payable to: **Port Authority Retirees Association, Inc.**
 Return form and check to the above address. Retain cancelled check for your receipt.