

Port Authority Retirees Association

P. O. Box 919, Island Heights, NJ 08732-0919

NEWSLETTER NO. 3

RE-ISSUE MAY 1988

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*Please Verify Address!
See Page 4, No. 2*

Membership Dues Renewal: See form on pg. 2. This reissue of Newsletter No. 3 is a reminder to send dues you might have overlooked. It will help our efforts to obtain a permanent cost-of-living adjustment or, as a minimum, extend the pension supplement beyond its September 1989 expiration date. Many thanks to members who already paid their dues.

Pension Supplement Approved

On February 29, 1988 Governor Cuomo signed into law Bill S-6815B increasing supplemental pension allowances for many Port Authority retirees. Increases are retroactive to September 1, 1987 and apply to pensioners who retired before 1983. The supplement will be paid on the first \$10,500 of fixed pension to retirees having attained age 62 and to disability retirees regardless of age. The spouse of a deceased retiree entitled to a supplemental retirement allowance will receive one-half of the allowance the deceased retiree would have received. Retroactive lump sum payments will be included in the May 31, 1988 pension check and subsequent checks will include the new monthly increase.

To keep you informed on this important legislation, PARA previewed the status of supplemental allowances in the November Newsletter and the anticipated percentage increases were listed. The approved percentage increases are exactly the same but we've listed them again in this issue for those who may not have received the November Newsletter. Too, Comptroller Regan wrote to eligible retirees on March 7, 1988 reporting on the supplemental increases and, as a further step, a related article was submitted for inclusion in the April 1988 Diary.

Here, expressed as percentages, are the supplemental increases provided in Bill S-6815B and approved on February 29, 1988:

Retirement Year	Old Supplement	New Supplement
1982		1.5
1981		2.4
1980		4.1
1979	6.0	6.6
1978	6.0	9.1

Retirement Year	Old Supplement	New Supplement
1977	6.0	11.3
1976	6.0	13.4
1975	7.0	15.5
1974	8.0	18.9
1973	9.0	23.4
1972	10.0	26.7
1971	11.0	29.0
1970	27.0	31.8
1969	31.0	39.8
1968	39.3	51.6
1967	47.8	66.2
1966	54.9	80.7
1965	61.1	96.4
1964	67.1	111.4
1963	71.6	126.3
1962	77.1	144.2
1961	81.5	165.2
1960	86.8	189.2
1959	91.8	218.1
1958	122.6	248.4
1957	129.6	289.6
1956	139.6	303.2
1955	143.6	309.3
1954	142.8	308.0
1953	144.0	309.7
1952	146.0	312.8
1951	153.2	321.9
1950	175.6	355.7

PARA worked very hard in conjunction with the Albany based Alliance of Public Retirees' Organizations to obtain approval of this bill. As a member of the Alliance, we joined with over 400,000 retirees to focus attention of legislators and other state officials

PORT AUTHORITY RETIREES ASSOCIATION

P. O. BOX 919, ISLAND HEIGHTS, NJ 08732-0919

Please print or type

Last Name	First
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No. & Street		
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Town	State	Zip
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Please Check One:

- Enclosed is \$5.00 Annual Membership Dues—June 1988 through May 1989
 Enclosed is \$_____. I would like to contribute as a sponsor.

\$5.00 membership fee for the year June 1988 through May 1989 is now due. Please submit checks only payable to: **Port Authority Retirees Association**. Return form and check to the above address. Retain cancelled check for your receipt.

Continued from Page 1

on the plight of the retiree. An organization of that size has clout and gets attention through formal media channels as well as by informal meetings with legislators and it paid off! When Bill S-6815B was approved, we sent appropriate expressions of gratitude to Governor Cuomo, Comptroller Regan, and selected members of the Senate and Assembly. While it is suggested all PARA members write and express their thanks, it is extremely important New York residents write or visit their Senate and/or Assembly representatives and thank them. It's a great way to get to know them, and we're going to need their help for the tough fight that lies ahead. In the joy surrounding success on the pension supplement, let's not lose sight of the permanent, automatic cost-of-living adjustment which is so desperately needed.

Before we leave the pension supplement issue some words of disappointment over unfulfilled objectives are in order. For example: the increases granted, while sorely needed, are skimpy indeed when contrasted with changes in the CPI; the \$10,500 cap further erodes some pensions since a retiree who earned a higher initial fixed pension actually receives a lower percentage increase; police retirees must still wait until age 62 for any supplemental increase and this can mean no increase for as much as twenty years; and no increase was granted pensioners who retired in 1983 or later. Legislators were reluctant to include these retirees because many of them received a "bonus" of three years of additional service with the NYSERS just prior to retirement. (This optional benefit was not received by Port Authority retirees).

Respecting permanent automatic COLA's, at this writing the report from Comptroller Regan's ac-

tuarial consultant has not been released though PARA has been busy in the interim. On January 14, 1988 Cy Storer, Acting Vice President, wrote Comptroller Regan recommending a method of funding automatic COLA's (Letter A) and a copy of his letter was sent to the actuarial consultant. Deputy State Comptroller John Mauhs responded to Cy's letter (Letter B) and the full text of both letters follow:

Letter A, to Edward V. Regan, State Comptroller
Dear Sir:

I am writing to you on behalf of the Port Authority Retirees Association to express our position on the Request For Proposal For Actuarial Services as contracted for by your office.

The makeup of the retirees of the NYS system is unique, in that while they were active employees they were residents of New York, New Jersey, Pennsylvania and Connecticut. In retirement of course the states have multiplied manifold. Scattered throughout the country retirees do not have the clout as far as the legislators in Albany are concerned. Being unable to exert political pressure should not negate the need to reward former loyal employees.

While the average retiree receives less than 60% of his last salary, economists have stated that if the long term built in inflation rate is about 9%, the purchasing power of a fixed pension initially paying \$1000 a month would be less than \$300 in the 14th year and less than \$200 in the 19th year. At age 65, a man may expect to live 14 years and a woman 19 years. In a few years the normal retirement ages of Social Security and pension plans will gradually raise from 65 to 67 thereby increasing the time lag for a retiree to wait for Social Security payments to help him.

The perennial and acrimonious battle for retiree's

Pension Supplement Approved

pension supplement is constantly being fought in the halls and chambers of Albany. Whereas some states in the nation have a Cost of Living formula supplement built into their system, New York State relies on the pressure of groups to convince the legislators to grant a meager pension supplement to those loyal retirees, every six or seven years.

Employers have found that the salaries of their employees have to be adjusted every year or two to keep pace with inflation. Union negotiations in the last few years have if nothing else, settled on nominal adjustments of wage scales and fringe benefits, as opposed to the extravagant demands of years gone by. The potential of strikes has of course influenced the employers.

Retirees however find themselves the forgotten stepchildren of today's economy, relying upon the benevolence of legislators to grant the needy retirees a bone once in a while.

To prevent the annual hassle of pleading for a pension supplement we propose that an automatic system be effected without cost to the state. Over the last few years the Comptroller and the system have experienced an enviable record of earnings which has resulted in the lowering of the contribution rate of the employers for their active employees. This windfall has accrued to the benefit of the employers, who are then in a better position to offer their active employees something in their negotiations. None of this largess trickles down to the retirees.

If and when the retirement systems portfolio's earnings are such that a reduction in the contribution rates is considered, we propose that 50% of the proposed reduction be earmarked for pension supplement. We recognize that the reduction of employers contribution rate from 20.7% in 1978 to 12.8% in 1987 would have meant an annual supplement to retirees of a nominal amount, but it would have been achieved at no cost to the State.

Cyril V. Storer, Acting V.P.

Letter B from John Mauhs, Deputy Comptroller

Dear Mr. Storer: January 29, 1988

Comptroller Regan has asked that I respond to your January 14, 1988 letter. I am enclosing herewith a recent statement by the Comptroller on the subject of pension supplementation. We are very hopeful that the Legislature will address this issue early in its current session.

Our actuarial consultant is currently engaged in a review of the supplemental retirement allowance program. As part of this engagement, we expect that the

consultant will make recommendations with respect to a permanent program for cost of living adjustments. We anticipate that their report will enable us to make recommendations for future improvements of this very important benefit. Thank you very much for contacting us.

Sincerely,

John S. Mauhs

Statement from Edward V. Regan, State Comptroller
PENSION SUPPLEMENTATION

I favor an improved supplemental retirement allowance for pensioners of the State Retirement System. My position has often been communicated to the Governor and Legislative leaders.

I support a modest supplemental increase because our system has done well financially, and it seems only fair that some of this be shared with a group that has been hurt by inflation. State and local governments, and their taxpayers, have been saving money on pensions for years. Contributions as a percent of payroll have been steadily declining. The rate for our non-uniformed employees has dropped from 20% in 1979 to 10% in 1987, and for police and firemen from 38% to 15% over the same period. While payrolls, and just about everything else in government, were doubling, the dollar cost of pensions stayed approximately the same—meaning that these governments saved hundreds of millions of dollars over this period.

Last year's state and local government contributions to our system dropped by \$276 million—\$114 million for the State (from \$796 million to \$682 million) and \$162 million for localities (from \$847 million to \$685 million). This represents the difference between the payments due in 1987 and what these governments appropriated in 1986. This year the cost reduction continues although at a more modest rate.

With these declines we believe our pension system has addressed taxpayer concerns, and now it is time to help our retirees, whose pension payments have been seriously eroded by inflation. A typical example involves an employee who retired in 1976 and has only received supplementation of 6% and yet has seen the cost of living increase by 93%.

Over the past year and a half, we have worked with retiree groups on the issue of supplementation. We have submitted our own bills to the Legislature and supported many other bills, including S.6355/A.8537 which passed both houses of the Legislature. If the Governor were to approve such a measure, it would cost State and local governments \$50 million—\$23 million for the State and \$27 million for localities. This still leaves those governments way ahead in pension savings.

January, 1988

Edward V. Regan, State Comptroller

As Comptroller Regan reported in his May 1986 Review of Employer Contribution Costs and as is further supported in his statement of January 1988 reprinted in this Newsletter, employer contribution rates to the retirement systems have declined significantly. He reports savings from 1979 to 1987 amounted to "hundreds of millions of dollars over this period." The major reason savings in this magnitude were achieved was "...our excellent investment return over the last several years."

Why should investment returns on funds contributed on behalf of employees and former employees—as well as funds contributed by them—accrue primarily to the benefit of employers?

We are indebted to Bernie Gelman, President of the Port Service Club, and a member of PARA, for his position paper which served as the basis for Cy Storer's letter to Comptroller Regan.

Straight From the Shoulder

CANDID REPORTS ON YOUR ASSOCIATION

1. PARA just completed its first year and membership has grown from eight to 1150 plus. Members represent a complete cross section of Port Authority positions and, though the growth is extraordinary, we continue to experience problems contacting retirees. As was suggested in the last Newsletter you can help by calling another retiree to spread the word. "Each one reach one" has already produced results.
2. Incorrect names and/or addresses jeopardize retiree benefits. If there is any doubt about your correct name and/or address, including zip code, write: **Port Authority of NY and NJ, Administrative & Employees Benefits Division, Personnel Department, One World Trade Center, 61 South, New York, NY 10277-0133.** PARA uses names and addresses furnished by the Port Authority. If you advise PARA, we will change our address records; however, Port Authority records—names and addresses—can be changed only by the individual concerned.
3. We need more phone volunteers residing in New York. A phone volunteer will be part of a network used to contact a small number of other PARA members when quick action on pension legislation is essential. When required—expected to be about once a year—each volunteer will be asked to call a given number of members residing in the same general vicinity, pass on an emergency message, and request the word be passed on to others, and on, and on. This will pro-

vide an effective mechanism for numerous, timely reminders to elected officials in Albany from their constituents and, when added to similar efforts from other retiree organizations, will increase chances of favorable legislative action. Want to help? Great! Just send us a short note expressing your interest in becoming a phone volunteer and **print** your name, address, zip code, and phone number including area code. When the phone network is consolidated, volunteers will be notified.

4. James Carlock of Toms River, N.J., has agreed to serve PARA as Membership Chairman and Harry Greene of Hazlet, N.J., will take on the task of converting our growing membership records to electronic format. We welcome them both. Too, on a related staffing matter, we are in need of a secretary. Anyone residing in the Toms River, N.J., vicinity and willing to help, please write us at the address shown at the top of the first page.

5. On December 22, 1987 and again on March 29, 1988, I attended meetings of the Alliance of Public Retirees' Organizations in Albany. There were two intervening meetings at which we were not represented but contact was maintained. The Alliance members unanimously supported prompt action on a pension supplement bill similar to that passed by the Legislature last year with benefits retroactive to September 1, 1987. All actions to hasten approval were implemented by a **united** Alliance in spite of efforts to split New York City retiree organizations from other Alliance members. Subsequent approval of Bill S—6815B speaks for itself! Alliance plans for action on permanent COLA were deferred pending release of the Comptroller's actuarial consultant's report.

6. On December 21st and 28th, 1987, I met with Personnel Director, Edward J. O'Malley and on April 21, 1988 I addressed the Port Service Club Executive Committee.

Harold A. Milley, Acting President

DON'T FORGET!

"EACH ONE

REACH ONE"