



Matters

MASSACHUSETTS RETIREES UNITED
314 MAIN STREET, UNIT 105, WILMINGTON MA 01887

UNDERSTANDING MASSACHUSETTS TAXES

This is the second installment of a two part series on understanding Massachusetts taxes in relation to the rest of the country. It is written to help you realize the danger of voting for the abolishment of the State Income Tax or even the reduction in the percentage of the Massachusetts State Income Tax.

Part One examined our state income tax in comparison to other states that have an income tax. Most states base the percentage of the tax on the amount of one's income instead of the flat tax that we have in Massachusetts. Massachusetts is one of seven states with a flat tax and our \$8,250 tax exemption is the largest of any of the states. After studying the fifteen states that tax Social Security and comparing the sales tax Massachusetts ranked in the bottom 10% for all categories.

This article explores other taxes in Massachusetts. As of January 2008 one survey showed that Massachusetts had the fourth largest tax on cigarettes at \$1.51 per pack; another at \$2.51. This would place us second. New Jersey has the highest at \$2.575; the state of Washington is second at \$2.025 and Alaska, Arizona, Connecticut, Maine, and Michigan tied for third with \$2.00 a pack.

We are also in the bottom 10 states in our tax on table wine at 55 cents a gallon, and beer at 11 cents. A tax of \$4.05 per gallon on spirit alcohol places Massachusetts right in the middle.

In property taxes, we are fifth in the country for a median real estate tax. New Hampshire and Connecticut pay 25% higher property tax. New Jersey, which is the highest, is about 70% higher than Massachusetts. Unlike the situation in other states, property taxes cannot become our main source of revenue if voters decide to lower the State Income Tax due to the presence of Prop 2½.

Since Massachusetts decided to lower its State Income Tax from 5.7% to 5.3%, the State has passed on more and more of what it previously used to fund. Now it requires cities and towns to self fund. One example is Chapter 90 money that is used to repair and build roads and sidewalks; it was reduced by over one third. The result is that if cities and towns need to do more than what is funded the city or town assumes the cost. We have seen that many communities cannot even meet their operating budgets without having a 2½ override. What financial disaster will ensue if we further cut the tax rate?

Those collecting a federal or state pension or Social Security should be leading the fight against further cuts to the tax rate. When the gov-

ernment wants to address budget deficits retirees are the first group considered to shoulder the loss. Fifteen states have a state tax on Social Security and most states tax pensions. Many states exclude certain parts of the pension for taxation. For some the exclusion is a set amount, the greatest amount being \$20,000. For others it is a percentage. The greatest percentage was 75% but not to exceed \$35,000. Few states give a full exemption.

No one likes to pay taxes but everyone must look at what they get for their money, what they will lose if the taxes are decreased, and what is fair. To shift more of the burden to cities and towns is not possible. To make retirees pay more is not the route any one of us wishes to see government take. The only ones to profit from a decrease in our tax structure are those working in Massachusetts and living in another state. The rest of us will pay for their savings.

The ads will make the decrease or elimination attractive but we must be realistic. None of us agree all the time with the way government spends our money. But remember, as retirees of a public sector job the taxpayers paid our salaries; the buildings in which we worked; the materials that we used; the roads on which we drove; and part of the pensions we now collect. Vote on this issue with your head. We must all be realistic.

Marie Ardito

How Secure Is Your Pension?

Marie Ardito

In light of the bailout talks, many members are wondering if our pension is in jeopardy. According to the head of the **PRIM** Board, Mike Travaglini, the answer is **NO**. He compared our pension investments to a battleship that is able to weather even as severe a storm as the situation that we are in presently. We have lost money in this financial mess in which we find ourselves but nothing that should cause our members to be concerned with regard to their pensions.

In January 1990 the Massachusetts Teachers' Retirement Account was only **39.2%** funded. In January 2000 the funding had risen to **83.3%**. Then with the stock market fluctuations, which occurred in the early part of this decade we dropped to a low of **64.5%**, but still were considerably better off than in 1990. We have recouped and are heading in the right direction and are at 73.9% funded as of January 2008. The stock market is not the only thing that influences this rating. How the State meets its obligation to the pensioners is also a factor. There were a number of years in mid 2000 where the State failed in its obligation thus contributing to the downward spiral.

Have you ever wondered about the term "**Unfunded Liability?**" In simple terms if we are 73.9% funded it means that we are underfunded by roughly 26%. In 1990 when our funding was at **39.2%** we were the poorest in the country. Now we are where approximately half the states are in their funding schedule. Obviously we have done well investing the past eighteen years in order to gain such ground.

How important is it to be fully funded? We should feel comfortable to be in the high 80's to low 90's in percentage. To aim for **100%** or better while neglecting to take care of improving retiree benefits is equivalent to paying off your mortgage while starving the kids.

How are our pensions invested? **The Pension Reserves Investment Trust Fund (PRIT)** is a pooled invest-

ment fund established to invest the assets of the Massachusetts State Teachers' and Employees' Retirement Systems, and the assets of county, authority, district, and municipal retirement systems that choose to invest in the Fund.

The nine-member **PRIM** Board acts as Trustee for each retirement system that invests in the **PRIT** Fund and is responsible for the control and management of the Fund. According to its website **PRIM's** mission is to maximize the return on investment within acceptable levels of risk by broadly diversifying its investment portfolio; capitalizing on economies of scale to achieve cost-effective operations; and providing access to high quality, innovative investment management firms, all under the management of a professional staff and members of the Board. Presently they are allowed to have no more than **10%** of our money in hedge funds. This will increase to **11%** in October but it is unlikely that they will increase the amount at this time. Not too long ago they took monies out of the failed investment houses so we were not hit hard by the recent events.

KEEP IN MIND THAT
MRU WILL BE
HOLDING ITS ANNUAL
STATE MEETING
IN MAY.

MORE INFORMATION
WILL BE INCLUDED IN
THE NEXT
NEWSLETTER

IN MEMORY

The Leadership and Membership of MRU offer condolences to the family, friends and colleagues of six of our members who have died.

Laura Sherman - retired Lynn
Frances Sargent - retired Wakefield
Beverly Dunigan - retired Lunenburg

William F. Creran - retired Pittsfield
Donald Cookman - retired S.Middlesex Regional
Winifred McCarthy - retired Whitman Hanson

In cities and town across the state when budgets are discussed retirees are made to feel that they are responsible for the shortfall. They are an albatross around taxpayers' necks. City and town fathers bemoan the fact that we are a liability when it comes to health insurance. What we are never told is the amount of reimbursement our health care providers are given through the **Medicare Modernization Act**.

In 2006 through the **Medicare Modernization Act** (a Federal program) providers were paid **\$527.40** for each person on Medicare if the provider gave a prescription drug program that was equal to or better than the one provided by Medicare D. In 2007 that amount increased to **\$558.69** per person. It is projected to go up to **\$597.29 in 2008, \$635.59 in 2009, and \$677.93 in 2010**. The increase for reimbursement is projected to **2017** when it will be **\$1,169.41** per person on Medicare.

As a result of this program since 2006 cities and towns have been frenetically trying to adopt **Section 18 of Chapter 32B** that states those eligible for Medicare must subscribe to Medicare. What most of us do not realize is that Medicare is an option. If, however, your city or town adopts Section 18 it is no longer a choice but a mandate. What does this mean to cities and towns?

If they have 400 retirees on Medicare, and they provide a prescription drug program that is equal to or better than Medicare D in 2008 they will get \$238,916 in reimbursement (400 X \$597.29), almost a quarter of a million dollars. The kicker is they can spend the money any way they want. They do not have to put it into decreasing the cost of retiree health insurance in their budget.

In fact some cities and towns use this money to put in sidewalks, repair roads, and incorporate it into the school budget, or the general fund. Whatever they want to do with it they can. This is fine as long as taxpayers know and the finance committees acknowledge the fact that retirees are costing them less than what the budget reveals.

Make sure your representative to the Insurance **Advisory Committee** is aware of this reimbursement. In that way he/she has clout when the city or town talks about what retiree health insurance is costing them. Make sure you let a few members of the Finance Committee know this fact as well. Finally, when your city or town presents a proposal to adopt Section 18, make sure you get something in return.

Since May the attempt to raise the **COLA Base** from \$12,000 to \$16,000 occupied most of our attention. We are all aware that the Governor amended the version presented in the budget to allow the base increase for those with pensions under \$40,000. All through the protracted deliberations, MRU kept you informed via email if we had your address. We did our homework and discovered that this increase would affect 80% of those collecting a State pension and 60% of those collecting a pension from the MTRS. We knew that if it passed for those with pensions below \$40,000 then it would be a lot easier getting it for everyone else in the next legislative session.

Unfortunately, some advised their members to ask for all or nothing. Apparently, they were heard and we were not. So we all came up empty. We feel that we acted in the best interests of our members.

Retirees are definitely in a crisis situation. When so much time, energy and effort is spent on something as little as a \$10.00 a month increase and we fail to achieve this we know that we are in trouble, especially when by extending the unfunded liability by three years would absorb the cost of the increase. One of the 106 retirement systems in the state increased the base from \$12,000 to \$16,000 for their members and had to increase the time line by ten years and the Governor signed it for them.

At the suggestion of a member, MRU has established a Crisis Group (story elsewhere) to look at what we can do to organize, educate, and legislate to improve our situation. Even though retirees have time on their hands they do not necessarily have the time to help themselves. One of the goals of MRU has always been to unite retirees and one of the goals of the Crisis group is how to best organize the membership and others.

The public's perception of us is that we are all out there with big pensions. There are thousands of teacher and state retirees who exist on pensions below the poverty level. All the public hears, however, are the stories of those who have abused the system or found a way to circumvent things in the system to have an extremely high pension. We must find ways to educate the public about the truth.

We must improve the pensions, especially of those who have been retired a long time and we have to educate all on the legislation that will begin to do this. We must also educate all on any legislation that is filed so that all feel comfortable making the phone calls

Contd. from p.3

to help get it passed.

The Crisis Group needs the help of all retirees to set and accomplish their goals. Most of us know thousands of kids that we have educated during our careers. Are any of them members of the Massachusetts legislature? Are any of them reporters for state or local newspapers? Are any of them in television reporting the news or well known personalities? Are any of them activists on the political scene and vocal on issues? Are any of them in public relations situations in which they can offer guidance for what we want to accomplish? If you can think of any of your former students who are in positions that could help us, please email me mardito@retireesunited.org and I will call you. We need someone to be the contact and who better than a former teacher?

If you want to get involved, even in a small way, please email me as well. It may be that you can act as our contact with your local newspaper or local cable when we have material to distribute. It may be that you have ideas and want to be part of the Crisis Group. It may be that you can act as a liaison with the union of the system from which you retired to get the active employees involved, as they are retirees waiting to happen. Now is the time for all of us to roll up our sleeves and let our voices be heard.

A fifteen person special commission has been established to study the Massachusetts Contributory Retirement System, as stated in the FY 2009 State Budget - Chapter 182 of the Acts of 2008. According to the document that came from the legislature this commission was supposed to have had their first meeting by September 1, 2008 and be prepared to report the results of their study by July 2009. The chairperson of the commission would be an appointee of the Governor but could not be a member of any of the 106 retirement systems in the state.

As this newsletter goes to print, the Governor's office states that no one has been appointed. We will keep you updated on the Commission.

Whatever the Commission presents next July will be the basis of what legislation will be seriously considered. If retirees do nothing to influence the Commission we will get nothing. We must educate the members of the Commission to what we feel are the issues that should be included in their deliberations.

We will keep you updated all along the way even if it requires additional newsletters this year. As retirees from public service jobs, we have given so much of ourselves to so many and for so long. Now is the time to start taking care of ourselves!

MRU Crisis Committee Meets to Take Action

Dick Doyle

After the debacle at the State House this summer with respect to our COLA, some members of MRU felt that we were in a state of crisis, and formed a Crisis Committee to brain storm about ways to educate MRU members, the legislature and the public about public service pensions. It was the consensus of those present that the public views all who retired from the public sector with the same lens. This is not good. So, on August 26, 2008, the first meeting of the Crisis Committee commenced.

Members met at MRU headquarters in Wilmington to air frustrations over the governor's veto of our COLA increase and decide what action to take. Ted Kyrios, a Newburyport retiree, facilitated the two hour meeting where it was decided to educate, legislate and activate all teachers both working and retired. It was agreed that public relations are a big thing in this process as well as getting commitments from all teachers to be more involved in our endeavor. After all, teachers are retirees waiting to happen!

On September 11, a second meeting took place and was very well attended with close to fifteen people actively participating with Ted Kyrios, facilitating once again. This time the group separated into three sub-committees; legislation education and organization.

Members are researching creative ways to get our message out to the public and in the near future plan to launch our product.

Massachusetts Retirees United

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The MRU Newsletter

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From the Desk of Marie Ardito

Please Vote NO on Question 1

I cannot express loudly or strongly enough the need not only to Vote No on Question 1 yourself, but get other family and friends to do the same. Our Crisis Group feels this must be our first priority to not only defeat Question 1 but to do so by an overwhelming margin. We do not want to have it back to do again in two years. If approved, it will wipe out more than \$12 billion in revenue, or nearly 40% of the State budget. For more information about the issue visit the following website: www.votenoquestion1.com. Many citizens are angry with government right now and should be, but let's not react in a foolhardy manner. To repeal our State Income Tax is reckless.

Legislation

MRU is compiling our legislative package for the upcoming sessions beginning in January 2009. Most are bills that we filed before. In our December Edition of MRU Matters we will outline the bills and what we need all of you to do even before the bill is officially filed. We are going to organize so that bills that should be passed to benefit retirees **ARE** passed. Anyone who was the former teacher or friend of a member of the House or Senate on Beacon Hill, please send this information to me via email: mardito@gis.net or call **MRU at 1-617-482-1568 or toll free 1-800-680-6077** and leave a message.

On the national scene we continue working on the repeal of the WEP/GPO Bill. It has not had much activity this summer. I received word that the Democratic Platform contained language in support of the Repeal Bill.

A Majority of One

I saw a wonderful program on PBS entitled, "The Problem of Evil." On it, one commentator talked about the death camps of World War II and asked whether the Nazi military leaders were the real culprits. Equally responsible, he maintained, were the lawyers, the bureaucrats, and the foot soldiers—the people who let the exterminations go unchallenged. There isn't a single instance that I can find on record where just one soldier refused to turn on the gas or push the last naked baby into the ovens. I'm sure they were overwhelmed and felt that there was nothing they could do.

The most freeing element of a serious issue is when one says "no." It makes people stop and think. Try it and see what happens! As long as you make an issue discussible, then it's thinkable; and as long as it's thinkable, it's possible. *from SALT magazine, March 1989, interview with editors*

Apathy in our country and our state is at epidemic proportions. If the Colonists were as indifferent we would still be subjects of England.

Doing Something Interesting?

Do something interesting in your retirement years? Share it with our readers. We are going to try to feature stories of what some are doing in order to provide ideas to the rest of us. Send your story to the editor. Email address: pdelaney@retireesunited.org

Thank you.

Wisdom from Lee Iacocca

All too often we hear people criticize the lack of leadership that exists in our country today. Maybe it is because of people's misconception of what leadership is or what makes a leader. Maybe it is because we expect the other guy to be the leader instead of realizing there are qualities within us that can foster leadership ability.

Lee Iacocca, in his book, "Where Have All the Leaders Gone," looks at the ten C's that makes for good leadership. They are curiosity, creativity, communication, character, courage, conviction, charisma, competence, common sense, and ability to handle a crisis.

Some one emailed the first page of this book and I felt it was speaking to me. Iacocca drew me in with his first three sentences: Am I the only guy in this country who's fed up with what's happening? Where is our courage? And we should be screaming bloody murder. I was hooked and could not wait to go to the library to get the book.

This is a non-fiction book well worth your time to read. Iacocca speaks of developing leadership in our kids and grandkids; of responsibility, accountability, and community spirit.

He speaks to those of us retired stating that our lives can still have meaning. He tells what he did wrong going into retirement and what he did to correct it. He encourages the reader not to disengage from life. He says the word for a stress free state isn't retirement. It's death. He has so much praise for the teaching profession.

For a number of reasons, I feel this book, "Where Have All the Leaders Gone" is well worth your time reading and will leave you doing some thinking. It is also available in large print.

Rubbing Salt in the Wound

After working so hard on the COLA bill it was interesting to learn that the Essex County Retirement System was successful in getting a COLA Bill passed. Why is this interesting? The MA Municipal Association (MMA) of which Essex is a member, fought the hardest against the COLA Bill. The County and Municipal Retirement Systems are part of the MMA. The only way we had a chance of passing the bill was to limit it to the two largest retirement systems the Teachers Retirement System and the State Retirement System.

The bill that the Essex County Retirement System got passed and the Governor signed raised the COLA base from \$12,000 to \$14,000 effective this year. They have the option, if voted on by the members of the Advisory Counsel, to increase it in increments of \$1,000. The Advisory Council consists of a member from the 19 towns, 6 regional school systems, 17 housing authorities, 3 water districts and 3 special districts. This tabulates to a total of 48 members. It is curious

that there was no cap beyond which they could not raise it. They do not need legislative approval for any further COLA Base increases.

Why couldn't we do this? Why can't we just file a bill that would enable us with the approval of the MA Teacher's Retirement System increase our COLA Base? We would never get legislative approval. Why? The answer is simple. The County Retirement Systems not only manage but pay for their pensions without any help from the State. (As someone who was on my town's finance committee I know it is the cities and towns in their group that pay what would be equivalent to the state's portion). Since the State helps to pay our pension we cannot by-pass the legislature.

To be fair in reporting this I must tell you that the average pension for members of the ECRS is \$16,683. Also they pay a higher amount of their health insurance premiums than those in the State Retirement System.

Job Opportunities for Retirees

The Greater Lawrence Community Action Council, Inc. has a great many openings for retirees who would be interested in working in education. Below are some of the advertised positions. Please contact Gayle E. Williams at Community Partnerships for Children. She can be reached by mail, email or phone.

305 Essex Street, Lawrence, MA 01840
gwilliams@glac.org
978-681-4996 X 440

Job 1

Program: Head Start
Position: Education Manager
Salary Range: \$50,000/yr - \$60,000/yr
Work Schedule: 40 hrs. wk/52 wks/yr

Job 2

Program: Community Partnerships for Children
Position: Interventionist
Work Schedule: 4 hrs/day. 5 days/wk, 46 wks/yr

Job 3

Program: Community Partnerships for children
Position: Early Reading First Literacy Coach (ERF Coach)
Salary: \$30 per hour
Work Schedule: 20 hrs/wk, 46 wks

EDC - Education Development Center, Inc

55 Chapel Street
Newton, MA 02458-1060
Phone: 617-969-7100
Fax: 617-244-3609
www.edc.org

Gain experience

using professional assessment tools!

Get to work with Children!

Earn money!

JOB - PRESCHOOL CHILD ASSESSMENTS

Education Development Center, Inc. is hiring Data Collectors to assess preschool children in the Lowell area. The first assessment will run from mid September through November. Future data collection opportunities will be in Spring 2009, Fall 2009, and Spring 2010.

Hours are flexible during the day.

Data Collectors will be compensated \$30 for each child assessed (approximately 1 hour per child).

As a Data Collector, you will be trained by nationally recognized researchers in the field of education.

If interested, please email your resume and a cover letter to **eboisjoly@edc.org**

JOB - PRESCHOOL CLASSROOM OBSERVATIONS

Education Development Center, Inc. is hiring Data Collectors to complete classroom observations and teacher interviews in the Lowell area using revised *Early Language and Literacy Classroom Observation (ELLCO)*.

Training will be held in late September. (one day of training - approximately 6 hours). Data collection will run from late September through early October. Future collection opportunities will occur in Spring 2009, Fall 2009 and Spring 2010.

Compensation: Data Collectors will be compensated \$90 for each observation and interview (approximately 3 hours).

Applicant should live in the Lowell area and must have a car.

You will be trained by nationally recognized reserachers in the field of education.

If interested, please email your resume and a cover letter to eboisjoly@edc.org .

Thoughts - by Jacqueline Bouvier

I love the Autumn,
And yet I cannot say
All the thoughts and things
That make one feel this way.

I love walking on the angry shore,
To watch the angry sea;
Where summer people were before,
But now there's only me.

I love wood fires at night
That have a ruddy glow.
I stare at the flames
And think of long ago.

I love the feeling down inside me
That says to run away
To come and be a gypsy
And laugh the gypsy way.

The tangy taste of apples,
The snowy mist at morn,
The wanderlust inside you
When you hear the huntsman's horn.

Nostallgia - that's the Autumn
Dreaming through September
Just a million lovely things
I always will remember.

SIGNATURE DRIVE FOR HEALTH CARE BENEFIT

One of the objectives of MRU has been to get a bill filed at the federal level that will enable retirees to subtract their health care premiums from their pensions/Social Security before each is federally taxed. Last week I spoke with Congressman Tierney (D-MA) and he quoted the cost of the bill. His office wants to determine if there is real interest in the bill before they file it.

Anyone working in the private or public sector gets this benefit now. **NARFE (National Active Retired Federal Employees)** has filed legislation for those who retired under a federal pension to get this benefit. They estimate the amount of savings in tax dollars is \$400 to \$800.

Those retired from a Public Safety job get to subtract up to \$3,000 of their premiums from their pensions before they are federally taxed.

If you would like to see this legislation filed we need your help. Please download the petition from the MRU website <http://retireesunited.org/>, and get as many signatures as you can. Distribute copies of the petition to family and friends and ask them to fill a sheet and send it to the address at the bottom of the petition. If you email friends or family in other states send them a copy of this letter and the petition. My goal is to have over 100,000 signatures find their way to Washington from across all fifty-two states. You do not have to be a registered voter to sign the petition nor do you have to be retired.

Please help us in this matter. I know that if we get it filed we will be able to muster the support to get it passed. Share this information with everyone you know.

For questions I can be reached in the following ways.

Email: mardito@retireesunited.org
Phone:617-482-1568 or toll free at
1-800-680-6077

If you do not have access to a computer, please leave your name and address and I will be happy to mail petitions to you. See sample on page 8.

Thank you,
Marie Ardito

Information Coordinator
Massachusetts Retirees United.

MASSACHUSETTS RETIREES UNITED

314 Main Street
Wilmington, MA 01887



SAMPLE PETITION

Citizens actively working are allowed to subtract their health insurance premiums from their salary before it is federally taxed. We the undersigned request that Congressman John Tierney (D-MA) proceed with filing the bill that will allow retirees to subtract their health insurance premiums from their pensions and or Social Security before either are federally taxed. My signature below indicates my interest and support of this matter for retirees who currently have their health care premiums included in their taxable income. This bill will include future retirees as well.

Signature

Address

City

State

ZIP
