



**REAMA**  
Retired Educators Association  
of Massachusetts

# Newsletter

Spring 2005 | Issue 2 | Volume 1



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## INSIDE:

**President's Message**

**Executive Director's Report**

**Tribute to Jim O'Donnell**

**COLA Study Group Update**

**WEP/GPO Email Campaign**

# Newsletter



**REAMA**

Retired Educators Association  
of Massachusetts

169 Lakeside Avenue, Marlborough, MA 01752-4527  
(508) 624-0233



"We have a real opportunity  
this Congressional session to  
help mitigate the current  
unfairness of the WEP/GPO"

Heather Hartshorn  
Executive Director

## EXECUTIVE DIRECTOR'S REPORT

Things are looking up...

For the first time in many years, Congress is considering significant changes to Social Security. No matter how you feel about the President's proposal to create individual savings accounts, it is certain that the debate on these issues creates a unique opportunity.

A coalition of states affected by the WEP/GPO (Windfall Elimination Provision/ Government Pension Offset) social security pension issue gathered in Washington during the first week in February. There was significant consensus among those present that this is perhaps the best opportunity we will have for many, many years to rectify the unfairness of the WEP/GPO. The quicker we begin moving forward, the better the chance we will have in adding the WEP/GPO to the range of issues that Congress is considering around Social Security. The extraordinary grassroots efforts that individuals and retired educators associations have undertaken has culminated in over 300 Members of Congress cosigning to last session's reform legislation which poise us to be players in the debate. *(Please see the WEP/GPO article to find out how you can help.)*

While in Washington, I attended a meeting with an advocacy firm that specializes in appropriations measures. We know that over the next few months, Congress will consider Social Security reform proposals. I believe this may happen very quickly and that the complex nature of some of the proposals will require both significant analysis and strong coordination by all affected groups in order to advance our agenda. The better we can all coordinate, the better chance we will have to fix this problem.

This measure is obviously a top priority to many, many retired educators. REAM will continue to strongly advocate on behalf of this issue. It is, and will continue to be, our primary federal concern.

I will continue to update you as to our position and the progress we are making on this issue. You can also check our website – <http://www.REAM1951.org>.

On the state level, many exciting events are also

happening for public educators. Representative Jay Kaufman, a Democrat from Lexington, has been appointed House Chair of the Public Service Committee. I have had the honor of being acquainted with Representative Kaufman for many years, as Lexington is my hometown. His appointment signals a new spirit of openness and cooperation in the House. I am certain he will bring considerable intellectual curiosity and a sense of fairness to this new task. Joining Representative Kaufman as the Senate Chair of Public Service is Senator Stephen Buoniconti of West Springfield, who is also familiar with our issues, as he has recently moved over from the House. He too is sympathetic to our issues, as I met him while I was speaking at the Agawam Public Retirees Association meeting.

I would like to thank all of the membership and legislative chairs that attended our leadership meeting. These volunteers are truly the backbone of the organization.

Heather Hartshorn  
Executive Director

## WEP/GPO FACTS & FIGURES

- As of December 2002, the Windfall Elimination Provision affected 635,000 retired and disabled workers and 64,000 family members.
- For 2005, the average loss of benefits due to the WEP is \$3,762 per year.
- An estimated 367,000 spouses and surviving spouses had their benefits reduced by the Government Pension Offset.
- Elimination of the WEP and GPO would cost \$61.9 billion over 10 years. Compared to the \$471 billion in Social Security benefits paid in 2003, elimination of the WEP and GPO would add approximately 1.3 percent to the annual payments.

Source: Social Security Administration

## RECOGNITION OPPORTUNITIES

Did you know that special recognition is available to our members on both the state and national level? Maybe you know someone who is deserving of such recognition.

From time to time, the Retired Education Association recognizes individuals who have done outstanding work with a certificate of appreciation. Chapter presidents can send recommendations for recognition to Dan O'Connor at the REAM Office.

The National Retired Teacher Award is also given by the NRTA to individuals who have demonstrated a strong commitment to serving the public through community service. Many REAM members qualify to receive such an award. Recommendation for this award can be forwarded to Don Adams at the REAM Office.

## PRIM'S BOB BROUSSEAU TO ADDRESS STATE LEADERSHIP MEETING



REAM chapter presidents and vice presidents have been invited by REAM President John Hooper to attend a statewide leadership meeting on April 13, 2005, at Assabet Regional High School. Special guest Mr. Robert Brousseau of the Pension Reserves Investment Management Board (PRIM) will be the featured speaker for this event.

As an elected member of PRIM, Mr. Brousseau will share some of the valuable experience. Among his many duties with PRIM, Mr. Brousseau is the Chairman of the Administration and Audit Committee and has been an important part of the rebound in the state's pension fund. Under Mr. Brousseau's leadership, the state's pension fund has experienced significant growth for the past two fiscal years, helping to offset a series of setbacks during 2001, 2002 and 2003.

A longtime member of PRIM with demonstrated laudable service, Robert Brousseau has earned the endorsement of the REAM organization in the past and continues to do so. He will be seeking re-election in April of this year. His remarks will be important and timely for those who rely on the health and welfare of the state's pension fund.

More information about this meeting can be obtained by contacting Dan O'Connor, Paige Rowden or the REAM office at 508-624-0233.

## STATE MEMBERSHIP MEETING

### Registration Form

Please return the registration to John Talbot by May 12, 2005. The cost of \$16.00 must be included with the registration, payable to REAM Worcester North.

NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

PHONE: \_\_\_\_\_

Lunch Options: *please choose one*

\_\_\_\_\_ Sautéed Chicken Piccata

\_\_\_\_\_ Baked NE Haddock

Return Registration forms to:

John Talbot

3 Lakefield Road

Westminster, MA 01473

(978) 874-2033

### FITCHBURG STATE PRESIDENT DR. ROBERT ANTONUCCI TO DELIVER KEYNOTE

Worcester North Chapter is sponsoring a statewide membership meeting on May 19 at the Westminster Country Club in Westminster, MA. The keynote speaker will be Dr. Robert Antonucci, President, Fitchburg State College.

A veteran of education, Dr. Antonucci served as the Commonwealth's Commissioner of Education from 1992 to 1998. Along with many other achievements, he is credited with playing a key role in the passage and enactment of the state's historic Education Reform Act of 1993, a landmark law now seen as a national model for education.

Registration will begin at 9:15 AM followed by the Chapter and State Business Meeting at 10 AM. The keynote address is scheduled for 11 AM concluding with lunch at 12:15 PM. The cost of the meeting is \$16.00, payable to REAM Worcester North Chapter. Please return the registration form by May 12, 2005 to John Talbot.

*Directions to Westminster Country Club— the country club is located off Route 2 on Nichols Street in Westminster, MA.*

*From Route 2 West: Take Exit 24A, bearing right off the exit. At STOP sign, turn left and take your 2nd right onto Nichols Street. The Country Club is approximately .7 miles up on the right. Parking is located on the left (across the street from the buildings)*

*From Route 2 East: Take Exit 24, bearing right off the exit ramp towards Westminster. Turn Right onto Nichols Street. Parking for the Country Club is located on the opposite side of the street as the buildings.*



## COLA STUDY GROUP UPDATE

A group invited by the Public Employee Retirement Administration Commission (PERAC) to participate in the COLA study held its second meeting in Somerville on February 3. This group, comprised of members from PERAC, The Retired State, County and Municipal Employees Association of Massachusetts, Massachusetts Teachers Retirement Board, and REAM, is studying the effects of changing the existing COLA base and the means of paying for the liabilities associated with such changes.

The focus of the study is increasing the existing COLA \$12,000 base by \$1,000 intervals to a \$22,000 base. For discussion purposes at this meeting, the current \$12,000 COLA base was increased to a \$16,000 base and then to a \$20,000 base. It is possible to estimate the costs of other bases from these two bases.

The impact of changes on the COLA on local systems was also considered. Trial runs have been made on several local retirement systems, and the results are similar to those of the Commonwealth.

The group is also discussing options of paying for the liability and increased costs of fully-funding the pension liability. One option is to extend the payment terms. For example, extending the payments from year 2023, to the year 2028 or to year 2034, or to year 2038, to meet normal costs and amortization.

This study has been commissioned by the Massachusetts Legislature and must be reviewed by PERAC and then sent to the House and Senate Committees on Ways and Means and to the Joint Committee on Public Service by December 31, 2005.

Daniel O'Connor

## PENSION BOARD STEERS ANOTHER \$30 MILLION TOWARD IN-STATE INVESTMENTS

BOSTON, FEB. 1, 2005.. The state board that invests \$36 billion in public employee retirement assets is upping its investments in local companies in a bid to spur job growth and build the state's economy. Meeting at its State



systems and software. Flagship and IDG have made commitments to invest in the life sciences industry.

PRIM board member Robert Brousseau, who represents the state teachers retirement system, expressed some hesitation with moving forward with the investments because the companies were young and may be inexperienced. All three firms were founded within the last five or six years. Smith said that although the companies are relatively new, the company leaders are experienced.

State Treasurer Timothy Cahill, who chairs the PRIM board, pushed for the board to invest the money to help both the companies develop and the state's economy.

"Just because we're a big entity, that doesn't mean we should turn away from someone who may become a Weston Presidio," Cahill said, referring to a large investment company the PRIM board currently does business with. Cahill said the board has not received solid data on job creation or economic benefits associated with the economically targeted investments launched nearly 18 months ago. "It's still too early to tell if it's working," he said. Cahill said he expects to see such data within the first two years of the investments. He said many of the realty companies the state has invested in have offered more low-risk mortgage loans to qualified consumers. The other four companies involved in the targeted investments are: Access Capital Strategies LLC in Cambridge, The New Boston Fund, Canyon-Johnson Realty Advisers, and Intercontinental Inc.

Amy Lambiaso—StateHouse News Service  
[www.statehousenews.com](http://www.statehousenews.com)

Street headquarters, the Pension Reserves Investment Management (PRIM) board voted today to invest \$30 million in three companies based in Massachusetts, two of which that have promised to invest in life sciences ventures. The board began its so-called Economically Targeted Investments program in August 2003 and has been working with four local companies since. And despite some risk-based hesitation by one board member, today's vote brings the state's investment to \$95 million in seven companies. "Any time you invest in a younger firm . . . there's more risk," said Wayne Smith, senior investment officer for PRIM's alternative investments. Smith assured board members that investing in local companies in this way will reap job benefits for the state. The board agreed to invest \$10 million each with Cambridge-based Flagship Ventures, IDG Ventures Atlantic in Boston, and Waltham's Ironside Ventures, which focuses on information technology services,

## SEND CONGRESS A STRONG MESSAGE: REPEAL THE WEP/GPO

The Government Pension Offset and the Windfall Elimination Provision have devastated otherwise carefully planned retirements for many thousands of teachers. With Social Security at the top of the domestic agenda for President Bush's second term, now is the time to repeal these unfair penalties.

REAM members are urged to e-mail their local Congressional Representative on Thursday, March 17, encouraging them to continue to support the passage of H.R. 147 this session. Congressmen McKeon (R-CA) and Berman (D-CA) introduced the bipartisan repeal bill in January. The entire Massachusetts congressional delegation has already signed on as co-sponsors. This e-mail campaign is the first step in an evolving strategy to enact legislation to repeal the Windfall Elimination Provision and the Government Pension Offset.

Retired educators in 15 states are affected by this and in 2004, retired educator associations in those states banded together as the Retired Educators Coalition For Social Security Fairness to work cooperatively for repeal of the WEP and GPO.

Remember, when contacting your representative, be concise and specific. Tell him/her at the beginning of your message what you want. As all members of our delegation have signed on, we want to thank them for their co-sponsorship and encourage them to work towards a floor vote on this issue.

To assist REAM members in participating in this one-day campaign, we have developed the following sample message that can be emailed directly to your representative from the House's official website. Please note that you will need to input your zip code and four-digit extension to ensure delivery to your Congressman.

Go to <http://www.house.gov/writerep>:

*Congressman <insert first and last name>:  
I am your constituent and I want to thank you for cosponsoring H.R. 147, the McKeon Bill, to repeal the unfair Windfall Elimination Provision and Government Pension Offset penalties in Social Security. While I*

*applaud your early support for this measure. I hope that you will work hard to make sure that it moves through the legislative process in the House and is enacted into law. Too many hard working people have seen their retirement security hurt by these penalties. Please work to eliminate the penalty for public service.*



## NAME THE NEWSLETTER

REAM's Executive Board is looking for a name for the newsletter. If you have a suggestion, please forward it to the REAM Office by May 2, 2005.

The Board of Director's will be reviewing all suggestions at their May meeting and the new name will appear in the summer issue.

# COLA REFORM NEEDED—ASAP

The cost of living adjustment, referred to commonly as a COLA, is an interesting feature of our pension system in Massachusetts. Prior to 1976, COLAs were automatic and based upon the consumer price index (CPI) and increases. Since that time, drastic changes were enacted when the governor and the state legislature granted a COLA based on the CPI increase or on 3%, whichever is less, and changing the base upon which COLAs are calculated. For example, today the base calculations are made on \$12,000, which is less than half (44%) of the average teacher's pension of \$27,000.

Over the past 15 years, the governor and the legislature have approved only 10 COLAs. In five of those years no COLAs were approved, and the total accumulated COLAs amounted to \$3,312.

For the purpose of this article, I have broken down some current expenses so as to realize exactly what type of increase retirees are gaining. Of the \$3,312 received by retirees, \$828 has been paid in federal taxes (25% federal tax rate) and 38% or \$869 has gone to increases in the median single-family property tax bill in Massachusetts during the 2000-2005 period. Retirees who are a

part of the Group Insurance Commission (GIC) are required to take Medicare if eligible and recently a retiree who also had a spouse on Medicare lost the \$1408 refund previously granted by the GIC.

Totalling the three items mentioned reduced the \$3,312 increase by \$3,105 for a net gain of \$207 in 15 years. That is an average of \$14 per year increase for retirees of the state pension system.

Given this information, most understand that reform is necessary and reform needs to happen now. The

complexity of the issues revolves around how to provide equity in the system and how to pay for the necessary changes. Currently a study has been commissioned by the legislature and undertaken by PERAC (*see related article on COLA Study Group*).

The only certainty in the situation is that if action is not taken during this session of the legislature count on losing again!

Daniel O'Connor



*Stay tuned—COLA reform is on the horizon.*

## PRESIDENT'S MESSAGE

"Identity Theft: Bad and Getting Worse"

What cost businesses \$4.2 billion in 2004 and will increase to \$8 billion by 2006? What crime victimized about 10 million people last year?

The answer is **identity theft** and not only could it affect you but it could cost you as well. Some interesting facts are that the average loss suffered is between \$800 and \$1000 per incident and that the

average time needed to repair a credit rating affected by identity theft is 2 years.

There are some precautions you can take to avoid suffering such loss. Be aware of unlocked mailboxes, the use of ATM's, the disposal of junk mail, old bills with account information and the storage of old computer files. If you have not taken precautions with these items, please make a belated New Year's Resolution to do so.

If you do become a victim, AARP and Consumer Reports have excellent guidance on what to do and whom to call. The October 2003 issue of *Consumer Reports* also has ratings for the best cross-cut-style paper shredders. A small investment now could save you a lot down the road.

John Hooper  
President, REAM

## HAMPDEN EAST ANNUAL MEETING

Hampden East Chapter 230 will hold its Annual Business Meeting on Tuesday, May 17, 2005, at Chez Josef in Agawam, MA.

Five of its newest Honorary Members will be honored at this event.

For more information or to register for this event, please contact Jean Finnegan at 413-525-6178.

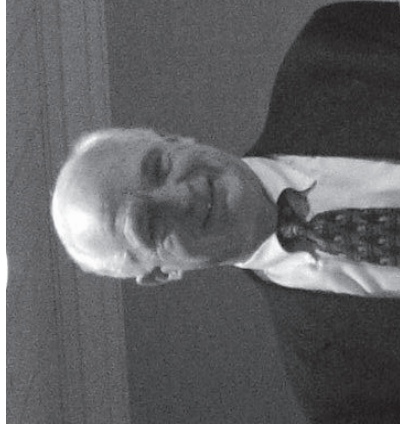
## NEWSLETTER SUBMISSIONS

Please send all newsletter submissions to Newsletter Editor Hillari Wennerstrom at ebwhiw@comcast.net

Deadlines for future issues are:

- May 10 for Summer issues (June)
- Aug 10 for Fall issue (September)

## TRIBUTE TO JIM O'DONNELL



respected organization statewide. A constant presence at hearings before the Public Service Committee, Jim has voiced direct and straight-to-the-point testimonies on issues each and every time.

It will be impossible to replace Jim O'Donnell on the legislative team. Although Jim will continue with us on a part-time basis, his attention to detail and his expertise at the State House, where he has made many friends, will be missed.

REAM would like to pay special tribute to Jim O'Donnell for his dedicated service to our organization. Jim's character and work ethic have advanced the mission of REAM over the years and have set a high standard of representing the organization in the future.

Paige Rowden

REAM would like to pay special tribute to Jim O'Donnell for his dedicated service to our organization. Jim's character and work ethic have advanced the mission of REAM over the years and have set a high standard of representing the organization in the future.

Back in 1997 when REAM became a prominent voice at the State House, Jim was on the job. For the past eight years, Jim has worked tirelessly on important issues and has gotten the attention of many legislators regardless of their position.

As a result of Jim's advocacy, REAM is a