



EMPLOYEE COMMUNICATIONS

GM UPDATE | MBTA PENSION ARBITRATION RULING

September 2, 2022

Dear Colleagues,

I wanted to send a note of explanation about some of the recent changes to the pension fund. I know these changes occurred rapidly and are a source of concern for many of you.

First, I want to assure all of you that the MBTA management is striving for collaborative relationships with our labor union partners. The MBTA further pledges to work just as diligently with the union leadership now, as we have these past four years, on refining the agreement between us that legally expired in 2018. Going forward, this means resolving any outstanding disputes in a spirit of cooperation among ourselves and without the need for outside intervention. This includes finding the optimal path to take to implement the changes the arbitrator has ordered.

Second, it may be helpful to understand that these changes, while implemented abruptly (and without our immediate foreknowledge), are the culmination of years of negotiation that concluded with the arbitrator's ruling.

After six hearings spanning five months, the arbitrator made three key changes to the pension plan that expired four years ago on July 1, 2018. These changes affect retirement eligibility, the calculation of pension benefits, and cost-of-living benefits or other retirement income adjustments.

Moving forward, the MBTA's retirement age for calculating unreduced pension benefits is now set at age 65. Workers who choose to retire early will have 6 percent deducted from their pension benefit for every year of retirement before age 65.

This change applies immediately for active members under age 60 or those who still have more than five years of creditable service remaining before retirement eligibility, beginning on August 26, 2022.

The change does not affect employees 60 and older or those with fewer than five years of creditable service before retirement eligibility.

Additionally, retirement benefits that were in effect on June 30, 2018, shall be increased retroactively effective the next day by three percent. The changes apply to normal, early and disability employees as well as to vested and survivor annuities.

Finally, the amount of employee wages taken into account when calculating pension benefits, shall not exceed \$150,000 per year, subject to adjustments by the US Secretary of the Treasury.



Steve Poftak
General Manager





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For more information or to better understand the impact of the arbitration decision, we encourage you to reach out to the MBTA Retirement Fund

MBTA Retirement Fund

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Phone: (617) 316-3800 or (800) 810-6228

Fax: (617) 476-4707

<https://mbtarf.com/resources-links/>

While the announcement of the arbitrator's ruling might appear rushed and last-minute, the crisis the ruling addresses was decades in the making.

We believe the arbitrator's ruling last Friday is a step towards ensuring the long-term viability of the pension plan for current MBTA employees, as well as future generations of MBTA workers.

Again, I want to acknowledge the concerns that many of you have raised and I want to restate my willingness to listen to, and work productively with, your unions on this and any other matter of concern, in a constructive effort to face the MBTA's fiscal challenges.

As always, thank you for your service to our customers and your colleagues.

Thanks,

Steve Poftak
General Manager

