

# CEO REPORT

**Joseph E. Drew**  
**MTA Chief Executive Officer**

**March 25, 1996**

We have good news about our effort to make the change from Social Security to PERS. Provided the MTA satisfies certain IRS conditions, the Social Security Administration says we can be excluded from mandatory Social Security taxes and coverage. It's not a done deal yet, but we are closer. Negotiations continue with the IRS and appear to be going well. We are meeting with our union leadership to answer questions and resolve outstanding issues. Our unions must agree to allow represented employees to participate in PERS.

**W**e're seeking State legislation to clarify what the MTA has to do to set up its retirement programs. We'd like everything to be lined up by June 30. Then, over the summer, every employee would receive information about the proposed change, including personalized estimates of what the change would mean to each of you. The next step would be to

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schedule an enrollment period so that those of you who choose PERS would be enrolled as members of PERS on January 1, 1997. And those refund checks you're looking forward to? You should get those by next spring if all goes according to plan.

In the meantime, here are some of your questions that have come in over the Hotline:

#### **Hotline Questions on PERS**

What exactly is PERS? Where can I get a description of PERS benefits?

PERS is the Public Employees Retirement System, which covers many state and local government employees in California. PERS is the largest state and local government retirement system in the country. Its assets currently exceed \$100 billion. Assuming we receive the necessary approvals, some time this summer you should receive a brochure that describes PERS benefits and compares them to your current retirement benefits.

I'm currently covered under one of the RTD retirement plans. Will PERS replace both Social Security and my RTD retirement plan, or just Social Security?

Assuming we receive the necessary approvals, your employment at MTA will no longer be covered by the OASDI portion of Social Security and instead will be covered by the new Social Security Replacement Plan, *regardless of whether you elect to join PERS*. Thus, if the current proposal is implemented, your choice will be to either 1) continue in your current RTD plan and be covered by the Social Security Replacement Plan, or 2) join PERS and be covered by the Social Security Retirement Replacement Plan.

I'm an MTA employee who used to work for the RTD. I'm currently covered by one of the RTD retirement plans. If I elect to join PERS, will I receive my entire retirement benefit from PERS?

No. You will be paid your retirement benefit in two parts. The first part will be paid by your RTD retirement plan and will reflect your years of service with the RTD before the MTA was formed. The second part will be paid by PERS and will reflect your years of service with the MTA since it was formed in April 1993. These benefits will be separate from any benefits you are eligible to receive under Social Security and the Social Security Replacement Plan.

Does the monthly PERS pension benefit of 2% of final pay per year of service begin at age 60 or at age 55?

The 2% benefit begins at age 60. The only exception is for RTD Transit Police, who as public safety employees could elect to be eligible for the 2% benefit at age 55, but who would have to pay significantly higher contributions to be eligible for this benefit.

I'm an MTA employee who used to work for the RTD or who was hired after the MTA was formed. Am I really going to receive a refund of the FICA taxes I've paid since April 1993?

Under the arrangement currently being discussed with the IRS and the Social Security Administration, you will receive a partial refund of the FICA taxes you've paid

since the merger in April, 1993. A portion of the refund must be used to "catch up" PERS coverage from 1993 to the PERS effective date. Your refund will include only the FICA taxes you paid for old age, survivors and disability insurance benefits (OASDI), about 6.2% of your wages. The refund will not include the portion of FICA taxes you paid for Medicare hospital insurance benefits, about 1.4% of your wages. And, remember, employees who have belonged to PERS all along will not be eligible for a refund.

**I'm an MTA employee who used to work for the RTD or who was hired after the MTA was formed. Will I still be eligible to receive a FICA refund if I stop working for the MTA before the refund is paid?**

Under the arrangement currently being discussed with the IRS and the Social Security Administration, you will still be eligible to receive a refund of any FICA taxes you've paid since April, 1993. Your refund will be subject to the same terms and conditions described in the previous answer.

#### **SDI Update**

Deciding what to do about State Disability Insurance (SDI) has been very difficult for me. But, it's a decision that had to be made to eliminate the inequities that still persist three years after the merger. I carefully considered the opinions of all those who were involved and I realize that some employees will not be happy with the decision. However, I believe it's time to move on.

We will recommend to the Board that:

- All MTA employees pay the full cost of SDI as recommended by A. Foster Higgins, the benefit consultant retained by the Merger Steering Committee.
- MTA adopt a uniform policy that *all* MTA non-represented employees upon retirement will be paid sick leave balances at 75% of value. Upon the death of an active employee, the sick leave balance will be paid out at 100%.

As you are aware, SDI taxes were employer-paid at the former LACTC and employee-paid at the former SCRTD. The State of California mandates that all MTA employees must be enrolled in SDI. Our recommendation to equalize the sick leave payouts, if approved by the Board, would extend to former LACTC employees a benefit that previously has applied only to former SCRTD employees.

#### **Welcome New Credit Union**

A new credit union with a new name is off to a great start. The Metro Transportation Employees Federal Credit Union is located on the first floor of the Union Gateway Building and offers sweeping changes to former services. Grand opening day featured an open house, ribbon cutting and a prize drawing for a dinner cruise. If you're not a credit union member, this is a perfect opportunity to join. For more information, call MTEFCU at 922-6183.

#### **UCLA Management Training Program**

In cooperation with UCLA and the Center for Organizational Development in San Diego, we are kicking off a most exciting program that is intended to fundamentally change the agency's management culture.

Called the MTA Transportation Leadership and Management Program, or TLAMP, the curriculum is geared

toward those executives, managers, supervisors, and senior staff who are key to recommending and implementing agency policy. It will be an annual program and will consist of three independent "academies" with specialized training in leadership, transportation and policy implementation. Selection is competitive.

Applications for this year's program have been received and are currently being evaluated by the Executive Training Advisory Board. Applicants will be notified of their status in mid-April. Employees may apply or be nominated by management. If you want information about TLAMP, call Cindy Kondo-Lowe at 922-7120 or Juli Fowler at 922-7119.

The inaugural program begins next month and continues through March, 1997. It is funded by the FTA and I think it will help us reinvigorate our leadership culture.

#### **Pictorials Will Celebrate Operations Staff**

Thought you'd like to know that the Metro Art Program is in the process of seeking a professional photographer/writer team to create a series of photo essays on agency employees. The goal of the project is to creatively recognize and pay tribute to the more than 6,000 dedicated men and women who operate our Metro system, including bus and rail operators, maintenance personnel, sign painters, mechanics, etc.

The work of the selected team will be reproduced and displayed in the interior car card ad spaces of the 2,000 buses in the Metro Bus system, as well as in the public areas of the Headquarters Building. The team should produce a minimum of 25 individual black and white photo essays, with some text in Spanish.

#### **Good-Byes**

Best wishes to General Services Director Bob Lewis, Equal Opportunity Manager John Mack, and Deputy Chief Administrative Officer Charles McNeely who recently left the agency to pursue different career paths. We'll miss their talents.

#### **Reputation Building**

Remember our mutual duty to build our reputation on performance and courtesy. Take every opportunity to show our visitors and customers how important they are to us... they are the reason we exist!



Joe Drew

#### **A publication of MTA CEO's Office**

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