

**SAVE THE DATE:** Employees are invited to discuss the wage increase and the proposed retirement benefits at a Brown Bag lunch with Chief Operating Officer Allan Lipsky, Chief Financial Officer Richard Brumbaugh and the Executive Officer of Finance, Terry Matsumoto, in the Gateway Conference Room at **noon, Wednesday, June 20.**

## 2.85% Pay Hike Due July 1

- **New Medical and Retirement Benefit Plans Go to Board**

In this report:

[Retiree Medical Benefits](#)

[Revised Non-Contract Pension Plan](#)

(June 19, 2001) CEO Julian Burke has announced that – effective July 1, 2001 – non-contract regular and temporary employees who receive an overall rating of Effective, Commendable or Outstanding for their job performance in FY 2001 will receive a 2.85 percent pay increase. The raise will be reflected in the August 15, 2001 paychecks.

The pay increase will be granted even if an employee is over his or her pay range. The Board of Directors approved the pay increase earlier this year when they approved the FY 2002 budget.

See also:  
[Committee Items on June Agenda](#)

This year's raise will be accompanied by a new Performance-Based Compensation (PBC) program that will provide additional pay increases for employees who achieved Outstanding or Commendable ratings for their job performance in FY 2001.

Each Executive Officer will be allocated a PBC pool of funds to divide among employees who are eligible for PBC increases. Managers and supervisors are currently being trained in new employee evaluation procedures linked to the PBC program. All performance reviews must be completed no later than July 16, 2001.

### Retiree Medical Benefits

The staff is recommending substantial improvements in the non-contract employees' retiree medical plan.

The proposed changes to the plan would only affect employees who retire after July 1, 2001. The Board is expected to consider the plan at its June 28 meeting.

Under the proposed retiree medical plan, the MTA would contribute 4 percent per year of service of the agency's share of the cost of the medical plan selected by the employee. The retired employee would continue to bear the full active employee share (if any) of the medical plan he or she selected.

For an employee who retires with 15 years' service, for example, the MTA would contribute 60 percent of the employer's share of the medical premium cost (4% x 15 years = 60%). Employees with at least five years' service would become eligible for this benefit at age 50.

The proposed retiree medical plan also reduces the age and years of service at which a non-contract employee would become eligible for Medicare Part B reimbursements.



If approved by the Board, employees who are age 50 and have at least five years' service would be eligible for the plan. The rules now in effect for former SCRTD employees and for those hired after the 1993 merger require an employee to be age 55 and have at least 10 years of service.

All active non-contract employees would be automatically enrolled in the proposed plan. All new non-contract employees hired after the plan is expected to be adopted – July 1, 2001 – would be eligible for the plan. The plan would not reduce benefits for any current, former or retired employee, should the retiree be eligible for a better benefit under a previous plan.

Improving the retiree medical benefits is expected to help the MTA attract and retain qualified employees and make the agency competitive in the job market with the City and County of Los Angeles.

### **Revised Non-Contract Pension Plan**

The staff also is recommending to the Board an improvement in the non-contract pension plan benefit formula. The proposed change would apply the PERS 2 percent at age 55 benefit tables for all non-contract service after July 1, 2001. It would not apply to service prior to that date.

For example, a non-contract employee who retires at age 60 in 2026 with 25 years' service under the proposed plan would receive 56.55 percent of final compensation compared to 50 percent under the current PERS 2 percent at age 60 formula.

The recommended plan would not change the service credits or annuity calculation that an employee may have earned in any other retirement plan prior to July 1, 2000 – such as the MTA Old Plan, the MTA New Plan or PERS 2 percent at age 60.

Old Plan members would have an opportunity to elect the 2 percent at age 55 benefit plan at any time up to their application for retirement.

Over time, the proposed pension plan change would equalize and improve non-contract pension benefits for all MTA and PTSC employees. Teamster employees also are included in the changes to the retiree medical and pension plans.

The improvements are expected to help the MTA recruit and retain employees in a competitive job market.

[Back to Bulletin Board](#)