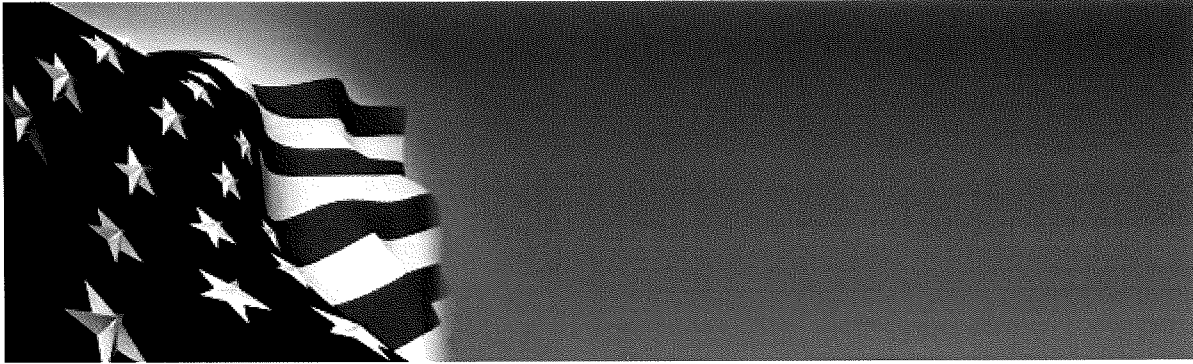


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CYPEN & CYPEN NEWSLETTER for NOVEMBER 6, 2014

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Stephen H. Cypen, Esq., Editor

Never Forget September 11, 2001

and

Always Remember May 2, 2011

1. JUDGE ENDORSES DETROIT'S BANKRUPTCY PLAN: Just as we approached final publishing deadline, CNNMoney reported that a federal judge has approved Detroit's 16-month-long plan to emerge from the largest bankruptcy in U.S. history. Detroit will shed most of the \$11 billion in debt. The Emergency Manager has reached deals with just about all of the city's creditors. The city will have \$1.5 billion to spend over the next 10 years to improve essential services. The worst-case scenarios were avoided for employees and retirees. Pension payments to the city's 23,000 retirees were trimmed, but not slashed. Civilian employees had their benefits reduced 4.5%, and they lost their cost of living increases. Police and fire department retirees only had to give up half their cost of living increases. Retirees voted overwhelmingly to accept the cuts.

2. THE CASE FOR PUBLIC WORKER PARTICIPATION ON PUBLIC PENSION BOARDS: Dwight Mattingly, Amalgamated

Transit 1577 Pension Fund, has written an essay for the Florida Public Pension Trustees Association. The piece makes the case for public worker participation on public pension boards. The enormity of the position of trustee for a working person can be intimidating. The list of things to learn, know and understand can boggle the mind: Alpha, Beta, Deviation, Basis Points, Large Cap, Mid Cap and Small Cap Growth, Large, Mid, and Small Cap Value, S&P 500, Russell 400, MSCI World Index, Security, Bond, Passive vs Active management, Index Funds, Mutual Funds, Emerging Markets, Overweight, Underweight, GASB, FASB, Valuation, Actuary, Unfunded Liability, Assumptions, Defined Benefit, Defined Contribution, Blended plan, Hybrid plan...how does one make sense of all the words? And yet our trustees work full time jobs fighting fires, patrolling and protecting our communities, teaching our children, driving or maintaining our public transit systems, or one of the many other numerous positions in a municipality, county, or state. Pension plan trustees must understand their fiduciary responsibility, examine participants who apply for disability retirement, evaluate prospective money managers, read money manager reports, and process/analyze the Investment Policy they must agree to follow. They also must make sure that policy is adhered to by all the managers, while maintaining their fiduciary responsibilities not to violate the Sunshine Law in Florida. How is it done? The answer is education, education, education. Actually, when one begins to understand how a defined benefit plan works and to know that professionals can be hired to assist them in fulfilling their fiduciary responsibilities, they realize they can become more focused on making sure the interests of the plan's participants are being looked after. Despite the weight of responsibility and the demands of the job, it is critical that public employees participate with a strong voice in the operation of the pension plan. In the overall care of plan participants, one who has a vested interest is much better suited to serve in the capacity as trustee than someone appointed by a legislative body who is only fulfilling a role with an outside view looking in. As a plan participant, the trustee needs not only to be looking out for the best interest of participants, but for the plan as a whole. Sometimes we hear of trustees having to wear two hats, and the question to ask is: can a person really weigh a variety of interests and be unbiased? The question is rhetorical. Who better to take a keen interest, oversee and work hard to preserve assets, keep costs low, make sure managers and professionals are fulfilling their

fiduciary responsibilities, and understanding how important it is to the participants to maintain a healthy plan for their future retirement, than one who is also a participant and future beneficiary? Whether the trustee's other hat is a union position or a management position, neither can truly fulfill their role as trustee (whose primary obligation is to the long-term health of the fund), if their ideologies or philosophical viewpoints are the focus of their role. Any good trustee would challenge the notion that a third party, supposedly neutral person, who has no "skin in the game" can truly fulfill the role of trustee without bias, whether the job is to save the funding agency money or to limit the amount of benefits given to participants. An argument could always be made that the role of trustee is too complicated, too challenging for someone who does not have a financial background, and too time consuming for one who is working full time, however, it is so important to understand the role that hired professionals play in running the pension plan. They too are required to assume the role of fiduciary to the plan. So, whether a trustee's background is in accounting, financial money managing, actuarial assumptions and calculations, or administration, no one person is an expert in all these fields of expertise. The good news is that no one needs to be an expert in all of these fields. The basic qualification for all pension trustees is a willingness to understand the plan, to become educated about the overall composition of how assets are to be invested, assuring that the investments are being protected and properly managed, to make sure the plan participants are receiving their benefits. Trustees must ensure the best interests of beneficiaries are primary, and depend upon and trust the advice of the professionals hired to assist the board of trustees with these duties. There are occasions when choices have to be made by trustees that require them truly to examine their motives. Is it ever right for a trustee appointed to the board by municipal management to make decisions based upon the budgetary needs of a municipality, county, or state? Technically, no, neither is it ever right for a union member trustee to make decisions based upon his or her union members wanting to increase their benefit levels beyond the ability of the plan to pay. The key role is to maintain protection of the plan's assets and provide benefits in accordance with the structure of the benefits plan, all the while looking out for what is in the best interest of the participants of the plan. The greatest challenge facing trustees today is maintaining a defined benefit plan and not caving into the public discourse that

these plans are unsustainable, are underfunded, and can no longer be viable to support the assumed rate of return, when all indicators and research show otherwise. Any trustee who moves to close a defined benefit plan, or who promotes the idea of reducing benefits without the confirmed actuarial and investment professionals concurrence that those actions are necessary to maintain and continue to pay the promised benefit to participants, should be removed as a trustee. It is very disconcerting to read news articles that promote misstated facts by individuals motivated by self-interest and political gain when they insist that these plans are archaic and out of touch with reality. Therefore, it is necessary for all trustees not only to be educated about how the plan works, its financial stability and economic/societal impact it has on the local community, but also to pass that information on to the participants of the plan and the political and governmental decision makers. It is paramount that participants are provided a clear and concise summary plan description, and that they are educated about the health of the plan. To do this, trustees must be given access to all plan documents, making sure that trustee board meetings are open to the public and that there is adequate time allowed to answer questions that any participant may have for the board. In spite of the hard work required to become educated and keep up with the changing investment strategies that a plan may need to balance properly assets, there are few rewards in life that compare to the sense of accomplishment a trustee has when he signs off on the benefit that a retiring public worker will receive for life, knowing that he had a small part in making that possible. Amen.

3. WHETHER DUTIES OF RETIRED/DISABLED FIREFIGHTERS' NEW JOB ASSIGNMENTS WERE REQUIRED DUTIES FOR JOB CLASSIFICATION THAT THE FIREFIGHTERS' PREVIOUSLY HELD PRESENTS QUESTION OF FACT: Miller and others had been firefighters for the city of Portland, when they suffered disabling injuries. The charter for the city requires it to provide disability benefits to its police and fire employees who suffer injuries in the course of their employment that render them unable to perform their required duties, with a minimum disability benefit of 25% of the employee's base pay, regardless of the amount of wages earned in other employment. The city originally determined that the firefighters' disabilities made them unable to perform their required duties, and paid them disability benefits. Years later, however, the city created

new job assignments that included some of the duties within the job classifications that the firefighters had held when they were injured. Because the city gave the new job assignments the same job classifications that the firefighters had previously held, the city maintained that the firefighters were no longer disabled. The city, therefore, required them to return to work, and discontinued paying them, even the minimum disability benefit. The firefighters brought a civil action against the city for breach of contract, and the circuit court granted summary judgment for the city. The Court of Appeals affirmed in part, and reversed in part. On review, the Supreme Court of Oregon concluded that the city charter's use of the term required duties means core duties -- those duties that are necessary or essential to the job. Because there was a genuine issue of material fact as to whether the duties of the firefighters' new job assignments were required duties for the job classifications that the firefighters previously held, the Supreme Court further concluded that the circuit court erred in granting summary judgment in favor of the city. Accordingly, the high court affirmed in part and reversed in part the decision of the Court of Appeals, and reversed the judgment of the circuit court and remanded to that court for further proceedings. The Supreme Court emphasized the limits of its holding in reviewing the circuit court's grant of summary judgment. The Court did not mean to suggest that the city was precluded from changing its job classifications or the duties of those classifications in accordance with its lawful authority. The Court also need did not need to decide whether such a change could cause a previously disabled employee again to become fit for work. And, finally, its conclusion did not limit the city's ability to determine, as a factual matter, that a former employee is no longer disabled, in the sense that that employee has sufficiently recovered from his or her injuries to perform the required duties of the job. *Miller v. City of Portland*, Case No. SC S061421 (Ore. October 30, 2014).

4. UNITED STATES GOVERNMENT ACCOUNTABILITY OFFICE HAS RELEASED A STUDY ENTITLED "VIEWS ON USING MULTIPLE MEASURES TO OFFER A MORE COMPLETE FINANCIAL PICTURE": Public and private sector defined benefit pension plans are subject to different rules and guidance regarding discount rates -- interest rates used to determine the current value of estimated future benefit payments. These differences can result in

significant implications:

- Sponsors of public sector plans generally employ discount rates using a long-term assumed average rate of return on plan assets. This approach results in reported obligations that generally appear lower than those of comparable private sector single-employer plans. Some experts believe this approach may encourage public plans to invest in riskier assets, which can increase the assumed return and thereby lower estimated obligations and plan contributions. Other experts believe this approach helps to maintain more predictable and lower costs. Private sector multiemployer plans generally use an assumed rate of return for funding purposes.
- Sponsors of private sector single-employer pension plans use bond-based discount rates, which are generally lower than assumed rates of return, for financial reporting of their plans' assets. Experts believe this approach may encourage plans to invest in less risky assets, particularly high-quality bonds, to make pension costs less volatile, but it may increase current reported costs. Funding requirements for these plans are tied to historical interest rates, which can reduce funding compared to measures based on more recent interest rates.

Experts identified at least five purposes for measuring the value of future benefits where discount rates are used, including determining sponsor contributions, reporting plan liabilities to stakeholders, determining the amount needed to secure benefits, measuring the value of employee benefits and determining lump sum settlement amounts. They also identified a variety of considerations in using discount rate policy, including cost, risk, fairness, sustainability, transparency, and comparability. To address trade-offs among these varied and sometimes competing purposes and considerations, many experts saw value in reporting multiple measures of plan obligations, using different discount rates. Some experts also regarded assumed returns used by U.S. public plans as too high under current market conditions. Selected countries examined by GAO reported that they apply a variety of approaches to discounting. Canada requires determination of multiple measures of plan obligations, based on assumed returns, high-quality bond rates and annuity prices. The Netherlands requires that plan obligations be measured based on market interest rates, but allows use of assumed returns for

determining plan contributions or developing recovery plans. In the United Kingdom, discount rates are determined on a plan-specific basis, and can include some allowance for assumed returns in excess of high-quality bond rates, depending on plan characteristics and the strength of the sponsor. To the extent that plans in these countries use long-term assumed rates of return, they are generally lower than the 7.5 to 8% used by many U.S. public plans under recent market conditions. Experts GAO interviewed in these countries described a greater degree of government oversight which might help explain their use of lower assumed returns. GAO is not making any recommendations in its report. GAO-14-264 (September 2014).

5. STOCKTON BANKRUPTCY PLAN PROTECTS PENSION RIGHTS: *Employee Benefit News* reports that the judge in Stockton, California's bankruptcy case has approved the city's plan to exit bankruptcy without impairing the California Public Employees Retirement System. In October 2014, U.S. Bankruptcy Judge Christopher Klein ruled that it would be legal under federal bankruptcy law to reject Stockton's contract with CalPERS to provide pensions for its employees ([See C & C Newsletter for October 9, 2014, Item 3](#)). He also said that the \$1.6 billion termination fee CalPERS said it would charge to break the contract would be avoidable in bankruptcy. (The city had never sought to break its contract.) It would be the city's retirees, who gave up retiree health care benefits valued at more than a half-billion dollars during the bankruptcy.

6. GFOA BEST PRACTICE ON INVESTMENT FEE POLICIES FOR RETIREMENT SYSTEMS: Investment management fees can have a major effect on a retirement system's net investment returns. Historically, retirement systems have tried to minimize fees by: 1) using a competitive selection process that makes fee negotiations a key factor in the procurement decision; 2) using low-cost passive index investment strategies; and 3) exploring opportunities for achieving economies of scale. As retirement systems make increasing use of alternative investments such as hedge funds, private equity and real estate, procedures to identify, quantify and negotiate all forms of investment manager compensation are needed to minimize the effect these premium-priced investment strategies can have on the retirement system's total returns. Government Finance Officers Association recommends to minimize the impact of investment

management fees on portfolio returns, retirement systems, especially those that use alternative investment strategies, adopt an investment management fee policy that will allow the retirement system to negotiate the lowest competitive fee possible while looking out for the system's long-term earning potential. To achieve this goal, GFOA suggests that an investment management fee policy adhere to the following guidelines:

- Staff and consultants should negotiate the lowest competitive fees using measures and techniques such as:
 - Determining what fees similar investors are paying and making these peer comparisons part of the negotiation process.
 - Including a most favored nation clause in the agreement.
 - Leveraging the consultant's knowledge of the marketplace to minimize fees for contracted services, keeping in mind that fees are a key component of the competitive procurement process.
- Give a specific individual or group of employees explicit responsibility for negotiating fees, and require that they report on the status of negotiations before the management agreement is executed.
- Identify where the importance of competitive fees ranks among the multiple factors analyzed when selecting investment managers:
 - The primary factors to consider are demonstrated track records, proven investment talent, repeatable investment processes, competitive/strategic investment advantages and other qualitative factors.
 - When screening investment managers, make sure fees are reasonable. Future returns are uncertain, while fees can be determined in advance. When one manager's fees are higher than another's, analyze the track record to determine whether the additional cost is necessary and appropriate.
 - Because fees for active management can be dramatically higher than fees for passive management, examine the fees, the investment process and historical performance of active managers to determine the likelihood that their performance will be better than the index return, net of fees.

- When investing in traditional investments, ensure that the pension system is paying a reasonable, competitive fee by implementing the following strategies:
 - When using a separate account structure (whereby professional investors manage a portfolio solely for the system), establish fee break points as the manager's mandate grows.
 - Explore the possibility of excluding uninvested cash from management fees.
 - When investing in commingled and mutual funds ask the manager to identify and quantify all levels of fees.
 - Any fees that are not directly related to the management of the portfolio should be considered for elimination.
 - Seek access to the lowest-cost share class and require that any fees related to services provided to retail investors be refunded to the retirement system.
 - Ask the investment manager to consider all the accounts it handles for your organization when determining fees.
- When investing in alternatives, ensure that the retirement system is not paying excessive fees, by implementing the following additional strategies:
 - Identify all fees; paying a base fee is usually appropriate, but the fee policy should specify a preference for performance-based fees, where applicable. Focus on aligning the interests of the retirement system and the investment manager through the performance fee structure, potentially including fulcrum fees, hurdle rates, fee caps, and clawback provisions.
 - The fee policy should state a preference for performance fees that compensate the manager for alpha rather than beta, and it should include a hard hurdle. Alternative investment managers commonly use carried interest, or participation fees, which are expressed as a percentage of net returns over a specified minimum return.
 - Rather than entering into direct partnerships with alternative investment managers, investigate possibility of group purchasing arrangements, such as an alternative investment fund of a P-share class.

- o Look for ways to piggyback on other institutional investors to maximize economies of scale and increase negotiating leverage.
- o Hire an attorney to oversee alternative investment contracts. (Amen.)

7. SOA PENSION PLAN MORTALITY TABLES AND MORTALITY IMPROVEMENT SCALE: The SOA's Retirement Plans Experience Committee has released the final results of the RP-2014 Mortality Tables and the Mortality Improvement Scale MP-2014. The primary focus of this study was a comprehensive review of recent mortality experience of uninsured private retirement plans in the United States. The RP-2014 mortality tables presented in the report and the Mortality Improvement Scale MP-2014 presented in the companion report form a new basis for the measurement of retirement program obligations in the United States. RPEC released an exposure draft of the report in February 2014, solicited comments on it through the end of May 2014. SOA, a professional association of U.S. actuaries, provides research that furthers actuarial science that is used in developing pension funding requirements.

8. STATE AND LOCAL GOVERNMENT WORKFORCES FACE LOW ENGAGEMENT AND MORALE: Amid a multitude of budgetary and economic woes, reduced engagement and low morale are the most detrimental to state and local government agencies' capacity to function, according to a piece from National Association of State Personnel Executives. As the recession continues, and economic uncertainty becomes the new norm, state and local governments face growing, debilitating workforce issues. Budget shortfalls and hiring freezes have made "do more with less" the new imperative, as record numbers of Baby Boomers reach retirement age, agencies will face the silver tsunami, the mass retirement of thousands of learned, skilled employees. To make matters more dire, according to a recent study, only 6% of surveyed college graduates plan to work in government after graduation. All of these factors point to a potential tremendous loss of vital, skilled talent over the next few years. Yet this impending loss of talent is not the most critical issue facing state and local agencies today. A more pressing concern is one that is difficult to quantify and even more trying to solve. While budget cuts, furloughs and retirements threaten to reduce workforces to ineffective levels, it is reduced engagement and low morale among government

employees that present the most dire threat to agencies' capacity and longevity. Reduced engagement and low morale, whether manifested via apathy or attrition, have a notable impact on the organization as a whole. Just as engaged employees are more likely to demonstrate higher levels of performance, commitment, and loyalty » factors for organizational success -- disengaged employees demonstrate lower levels of the same characteristics. Yet while turnover, absences and poor communication are serious consequences, they are rated as less severe in a recent survey of the results of disengagement. The real damage results from disengaged employees' continued presence and interaction in the workplace: from staying in their jobs and performing poorly, refusing to go beyond the job description, and creating dysfunctional relationships, all patterns of behavior that threaten the very core of any organization. State and local governments have a tremendous amount to lose from the effects of disengagement. Smaller budgets mean doing more with less, and as such it is even more important that every employee pulls his own weight. Without an engaged, committed workforce, government's manifesto to care for the people is threatened - from the disorganized, ineffective distribution of services even to the loss of the capacity to provide services themselves. So how did low engagement become the issue it is today? While engagement is a popular buzzword in both the public and the private sectors, state and local government agencies have been perhaps hardest hit by the recession and resulting budget cuts. Low engagement today is the result of several significant factors:

- Lower pay than the federal and private sector. Ongoing poor compensation is often cited as a main reason for high turnover in government positions. For most state and local government agencies, wages are lower than both federal and private sector wages.
- **Pay freezes.** According to a survey conducted by the Center for State and Local Government Excellence, more than 60% of agencies have implemented pay freezes to deal with the current economic climate. These pay freezes reduce the potential adequately to reward high performance employees. As compensation is often cited as a significant tool for engagement, pay freezes decimate any nascent pay-for-performance initiatives.

- **Reduced job stability.** While federal aid through the American Recovery and Reinvestment Act safeguarded some state and local positions, fewer funds are available today. The Great Recession that began in 2008 reduced job stability and availability for thousands of state and local government workers. In 2010 alone, state and local governments lost over 200,000 jobs compared to 2009. Without the promise of job certainty, employees are reluctant to commit and engage.
- **Overworked, understaffed, and having to do more with less.** Shrinking budgets, mandatory furloughs, and increasing retirements of Boomers mean there are fewer skilled employees to fill critical roles. Yet the jobs still must get done. This dearth of skills » and employees - will place a tremendous burden on the employees who remain.

The coming silver tsunami alone will create a large deficit, without accounting for furloughs and layoffs. According to one researcher, approximately 30% of state government employees are eligible to retire within the next five years. This wave of retirements puts existing employees in the position of performing jobs for which they may not be trained or skilled. Duh.

9. FLORIDA AMONG WORST STATES FOR INCOME INEQUALITY: New York, Connecticut are the states with the widest gap between the rich and the poor, according to a 24/7 Wall St. study. The study found that six of the states with the worst income inequality had among the 10 highest share of employees in finance-related fields, while five had among the 10 highest share of the workforce in professional, scientific and management occupations. The states were ranked based on Gini coefficient figures from the U.S. Census Bureau's 2013 American Community Survey. The Gini coefficient reflects the degree to which an area's incomes deviate from a perfectly equal income distribution. The coefficient is scaled from 0 to 1, where a 0 represents perfectly equal incomes among all people. The data on poverty rates, income distribution among households, percentage of households receiving SNAP benefits/food stamps, and the distribution of employment by industry were used for the study. Figures for average annual unemployment and the percentage of hourly workers earning the minimum wage or less are from the Bureau of Labor Statistics for 2013. Here are the top two states with

the widest gap between rich and poor, (plus No. 5, Florida):

1. New York

Gini coefficient: 0.5098

Median household income: \$57,369 (16th highest)

Households earning \$200,000+: 7.3% (7th highest)

Population living below poverty line: 16.0% (20th highest)

The bottom 20% of households accounted for just 2.7% of all income in 2013, the least in the nation. The top 20% of households, however, accounted for 53.9% of all income, the most in the nation.

2. Connecticut

Gini coefficient: 0.4994

Median household income: \$67,098 (5th highest)

Households earning \$200,000+: 9.3% (2nd highest)

Population living below poverty line: 10.7% (4th lowest)

The top 5% of households in Connecticut accounted for more than 25.4% of all income in the state last year, the highest rate in the U.S. While the state's poverty rate is among the nation's lowest, at 10.7%, it has risen by five percentage points since 2007.

5. Florida

Gini coefficient: 0.4843

Median household income: \$46,036 (12th lowest)

Households earning \$200,000+: 3.9% (tied-21st highest)

Population living below poverty line: 17.0% (15th highest)

Last year, the top 5% of households accounted for 24% of all income in Florida. As of last year, 15.1% of households in the state relied on food stamps. Back in 2007, that figure was just 5.8%.

10. TAKEAWAYS FROM THE CENSUS REPORT ON POVERTY:

About 2.9 million more Americans would be counted as poor if the federal government took a comprehensive snapshot of people's income and expenses. That is one of the key takeaways from a new report by the U.S. Census Bureau on the Supplemental Poverty Measure, reviewed in *Governing*. The measure is an attempt by Census researchers to improve its count of people living in poverty

while keeping in place the official measure established in the 1960s and used for an array of federal safety net programs. The official federal poverty measure for 2013 counted slightly more than 45 million people as poor, roughly 14.6% of the population. The SPM shows that the poverty rate was actually higher, 15.5%, when researchers factored in some types of nondiscretionary spending, such as out-of-pocket medical costs, which are not included in the official measure. Even more people would have been considered as living in poverty, the data show, if not for tax credits and noncash benefits offered by the government. The bureau's latest accounting of poverty in America offers four insights:

- **More people would be poor tomorrow if not for safety net programs.** The Census report does show that millions of Americans would fall below the poverty line if several of the major assistance programs ended tomorrow. For example, the poverty rate would be 2.9% points higher -- 9 million more people below the poverty line -- if not for refundable tax credits, such as the Child Care Tax Credit and the Earned Income Tax Credit.
- **Some places are poorer than others.** The 15.5% figure is the average SPM calculated for all people across the country, but the poverty rate is higher in the urban core of a metro area (20.1%). The neighborhoods outside the urban core -- suburbs -- had a lower poverty rate (13.4%). However, the suburbs also had slightly more people in poverty in absolute numbers (21.9 million vs. 20.5 million in cities).
- **Some groups of people are poorer than others.** The Census data show that poverty is concentrated in certain pockets of society. The poverty rates for blacks and Hispanics, for example, are well above the national average. Renters, as a group, are poorer than homeowners. Households with a single mother are poorer than ones with married couples.

- **The poor have not recovered from the recession.** The latest Census report does indicate that the poverty rate declined by half a percentage point between 2012 and 2013. However, the official poverty rate is still several percentage points higher than in 2007, when the last economic recession took place. Researchers predict a slow economic recovery, with the SPM not returning to its pre-recession level until 2020.

Very sad, indeed.

11. BUSINESS OWNERS HIGHLY OPTIMISTIC: American business owners' economic optimism has reached its highest point in three years, according to The Principal Financial Well-Being Index. The research found that 40% of American business owners feel optimistic about the economic outlook for 2015, showing significant improvement from 26% in the 2012 survey. The rosier outlook follows a strong year for America's small to mid-sized businesses, 53% of business owners say their company's financials have improved compared to last year. Business owners are also increasingly confident in their outlook for the overall health of their businesses. This year's survey found that 54% percent believe their business financials will improve in the coming year, and 88% business owners rate financial health of their business as either stable or growing. Additionally, 71% have surplus business capital, up from 62% in 2013. On a personal level, most business owners report that their household finances are in good order. Seventy-five percent of business owners see themselves as financially healthy, up from 71% in 2013. With a positive outlook for the future of their businesses, 46% of business owners are reinvesting profits back into their companies to help secure the future of their businesses. Additionally, some business owners are safeguarding their companies' futures by enhancing their firms' technology (37%), or taking steps to protect their businesses from unexpected losses (36%). Hiring is also on the rise, forty-one percent of business owners added fulltime staff in the past year, citing customer demand (37%), high volumes of business (36%) and confidence in future growth (31%) as top reasons for growing their workforce. Likewise, 41% plan to add staff in the year ahead, up from 35% in 2013. Retaining top talent is a major focus for business owners striving to stay ahead of the competition. Forty-three percent of business owners are focusing on addressing the challenges of

retaining talented employees. In order to keep employees loyal, happy, and healthy, 33% of business owners reported providing competitive benefit packages. More business owners plan to add employee benefits in the next 12 months, with 22% of respondents pledging to offer additional employee benefits next year, up from only 16% last year.

12. NEW YORK DOMINATES 2014 LIST OF AMERICA'S MOST EXPENSIVE ZIP CODES: In Atherton, Calif., 94027, the most expensive home currently on the market is a 13,000-square-foot Mediterranean mansion with a \$21.988 million price tag. Not a millionaire? Good luck finding a place to live in this Silicon Valley enclave, says *Forbes*. The least expensive home for sale in the 94027 zip code is a 1,400-square-foot, two-bedroom, two-bath bungalow. In other words, a starter home with an asking price of \$1.5 million. The median price of the 24 homes listed for sale over the summer was \$9.0 million, making Atherton the most expensive zip code in America for the second year in a row. But Atherton is the only Bay Area zip -- or California zip, for that matter -- to crack the top 10. This year, New York City dominates the list, with six zip codes among the top 10. Long Island's Sagaponack 11962, in the town of Southampton, grabs the No. 2 slot, followed by three consecutive New York City zip codes: Lower Manhattan's 10013 (No. 3), the Upper East Side's 10065 (No. 4) and 10075 (No. 5). Here are some of the most expensive zip codes in Florida:

Rank	City	Zip code	Median Home Price
34	Miami Beach	33109	\$3,073,500.00
73	Coral Gables	33143	\$2,323,813.19
97	Key Biscayne	33149	\$2,053,626.34
179	Boca Raton	33432	\$1,461,999.65
270	Palm Beach	33480	\$1,246,316.37
276	Delray Beach	33483	\$1,234,928.03
277	Pinecrest	33156	\$1,234,911.42
311	Fort Lauderdale	33316	\$1,172,449.68

13. TEN REASONS TO QUIT YOUR JOB...NOW: Ernie Humphrey, an experienced financial professional, shares his top ten reasons you

should consider resigning from your job:

- Your job changes who you are as a person.
- You are not respected.
- Your job impacts your emotional well-being.
- You get criticized/attacked verbally in public.
- You are not compensated for your contributions.
- You witness behaviors that conflict with your ethics and values.
- Company culture allows employees to disrespect others and vendors/ suppliers professionally/personally.
- You think you are in a professional prison and just cannot get out.
- You do not believe in the long term strategy of your company.
- You physically dread going to work each day, and each Friday you celebrate the upcoming weekend.

The author also offers a few very important caveats:

- Have another job lined up, the exception being that your job is impacting your physical or mental health.
- Ensure that the above conditions are factual not just your perception.
- If you are married or in a serious personal relationship, consult your significant other before you make or even seriously consider making a job change.
- Finally, consider giving your employer the opportunity to address your concerns.

14. MYTHS ABOUT THE FLU VACCINE YOU DO NOT NEED TO FEAR: Health news from *NPR* reminds us to brace for the flu season. Along with the coughing, fevers and aches, you can expect a lot of unreliable or downright wrong information about the flu vaccine. The Centers for Disease Control and Prevention recommends that everyone 6 months of age and older gets vaccinated against flu every year, with rare exceptions. The options for the flu vaccine this year include a shot that protects against the three different strains that will be circulating. There are also flu shots that include protection against four strains, and the CDC recommends that adults ages 65 get a high-dose flu shot. Here are some of the 32 myths:

- Myth #1: You should fear Ebola more than the flu. Fact: flu kills

more people in a year in the U.S. than Ebola has killed in the history of the world.

- Myth #2: You do not need the flu vaccine this year if you got it last year. Fact: you need a new flu shot each year because the circulating strains change and immunity from the vaccine fades.
- Myth #3: The flu shot is a "one size fits all" approach that does not make sense for everyone. Fact: you have many flu vaccine options, such as the shot, including egg-free versions, and a nasal spray.
- Myth #4: The flu vaccine can give you the flu. Fact: the flu shot cannot give you the flu because the virus it contains has been inactivated or severely weakened.
- Myth #5: Flu vaccines can cause Alzheimer's disease. Fact: there is no link between flu vaccination and Alzheimer's; flu vaccines protect older adults who are at increased risk for flu-related health consequences.
- Myth #6: Flu vaccines can damage a protective barrier between the blood and the brain in young children, hindering their development. Fact: flu vaccines have been found safe for children 6 months and older.
- Myth #7: Influenza is not that bad, or, people recover quickly from it. Fact: Influenza can cause fever, muscle aches, cough, headaches and a sore throat for one to two weeks.
- Myth #8: People do not die from the flu unless they have another underlying condition already. Fact: otherwise healthy people do die from the flu. The elderly and young children are most vulnerable.
- Myth #9: The flu shot does not work for me, personally, because last time I got it, I got the flu anyway. Fact: the flu shot cannot offer 100% protection against the flu, but it reduces your risk of getting it. Many people mistake symptoms from colds and other illnesses for the flu.
- Myth #10: I never get the flu, so I do not need the shot. Fact: you cannot predict whether you will get the flu.
- Myth #11: Making a new vaccine each year only makes influenza strains stronger. Fact: there is no evidence flu vaccines have a major effect on virus mutations.
- Myth #12: The side effects of the flu shot are worse than the flu. Fact: the most common side effects of the flu shot are mild, such as headache, fatigue, cough, low fever and arm soreness lasting

a couple of days. Fewer than one in a million people experience severe allergic reactions.

- Myth #13: The "stomach flu" is the flu. Fact: the stomach flu refers to a variety of gastrointestinal illnesses unrelated to influenza.
- Myth #14: If you have not gotten a flu shot by November, there is no point in getting one. Fact: getting the flu shot any time during flu season will reduce your risk of getting the flu.

15. STUFF YOU DID NOT KNOW: The average number of people airborne over the U.S. in any given hour: 61,000.

16. TODAY IN HISTORY: In 1941, USA lends Soviet Union \$1 million.

17. KEEP THOSE CARDS AND LETTERS COMING: Several readers regularly supply us with suggestions or tips for newsletter items. Please feel free to send us or point us to matters you think would be of interest to our readers. Subject to editorial discretion, we may print them. Rest assured that we will not publish any names as referring sources.

18. PLEASE SHARE OUR NEWSLETTER: Our newsletter readership is not limited to the number of people who choose to enter a free subscription. Many pension board administrators provide hard copies in their meeting agenda. Other administrators forward the newsletter electronically to trustees. In any event, please tell those you feel may be interested that they can subscribe to their own free copy of the newsletter at <http://www.cypen.com/subscribe.htm>.

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