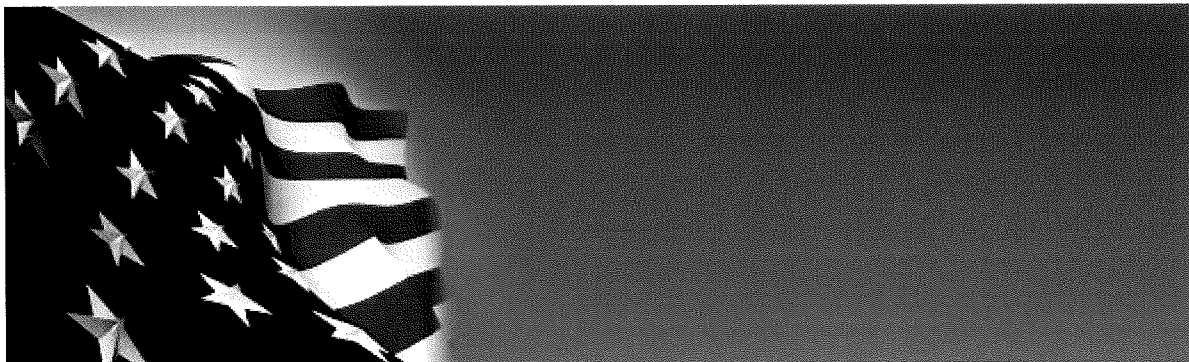


Is this email not displaying correctly?
[View it in your browser.](#)



CYPEN & CYPEN NEWSLETTER for JULY 30, 2015

Copyright, 1996-2015, all rights reserved

Stephen H. Cypen, Esq., Editor

Never Forget September 11, 2001

and

Always Remember May 2, 2011

1. JUDGE NIXES CHICAGO'S PENSION REFORM PLAN: A Cook County judge shot down Chicago Mayor Rahm Emanuel's plans to reform major city employee pension funds, saying the Illinois Constitution prohibits the proposed changes, according to a piece in the International Foundation for Employee Benefits. The ruling will require the cash-strapped city to come up with an additional \$250 million over the next five years to meet the pension fund obligations. The ruling was the latest twist in long-running budget woes for the city, which has a \$20 billion unfunded liability in the city worker pension fund. The city school system alone has a \$1.1 billion deficit in its current budget, thanks largely to \$675 million in pension obligations. Credit-rating agency Moody's Investor's Services has downgraded the city's bonds to "junk" status, making further efforts to finance the debt harder. The Windy City's budget problems are not unique. Crushing pension debt, caused by lawmakers and union leaders negotiating generous benefits without ensuring sufficient payments into the fund, is a problem in many major cities. Detroit was

forced to go to court last year to reform its pension system, which had previously prohibited reductions in benefits. Emanuel attempted a similar route in Chicago, proposing that employee contributions to the Municipal Employees and Laborers Pension Fund be raised by 29% and that compounded cost-of-living adjustments for retirees not eligible for Social Security be ended. The city argued that without the reforms the fund would collapse within a decade. Public employee unions nevertheless sued the city, saying the state constitution barred such changes. Ultimately, the city needs to raise adequate revenue to keep its promises to employees and retirees and to provide all of the public services that all city residents rely on: education, public safety, healthcare and more. Chicago-area residents are already paying higher costs to service the debt. Earlier this year, Cook County supervisors raised the sales tax a full point from 0.75% to 1.75%, primarily to help meet pension costs. The mayor's office did not immediately issue a statement. Emanuel is expected to appeal the decision to the state supreme court, but is not expected to get a ruling in his favor there, either.

2. WHETHER OR NOT TO PUT RETIREES' INTERESTS FIRST? THIS DOES NOT NEED TO BE COMPLICATED, OR DOES IT?:

The Washington regulatory battle between the Department of Labor and Wall Street over whether brokers working with retirees should be governed by a fiduciary duty standard was on full display in testimony before the Senate Health, Education, Labor & Pensions Subcommittee on Employment and Workplace Safety. The pending DOL rules are either needed to protect the retirement savings of millions of investors, or would be counterproductive and unworkable. At the center of the controversy is a proposal by the DOL that would offer new protections for retirement investors working with brokers and other financial professionals (who are not registered investment advisors), but provide advice regarding retirement accounts, including 401(k) plans and defined-benefit plans. The proposal would require that brokers providing retirement advice act in the best interest of their clients. Currently, only registered investment advisors are governed by the fiduciary duty standard. Ordinary brokers are governed only by the less strict "suitability" standard. Retirement plan trustees are very familiar with the strict fiduciary standards governing their advisers, who are registered with the Securities and Exchange Commission. Based on extensive review of independent research, the White House

Council of Economic Advisers found that conflicts of interest by brokers costs retirees about 1%, amounting to \$17 billion per year in lost retirement savings. The DOL's proposed conflict of interest rules are intended to close regulatory loopholes, update the law, and clarify the advisory landscape for investors and brokers. Secretary of Labor Thomas Perez's testimony regarding DOL's reasonable, flexible rules:

- We believe that we have proposed a reasonable, middle-ground approach that is responsive to our extensive outreach and feedback. It is grounded in a basic principle – that investment advisers should act in their clients' best interest, not their own. The proposal remains open for comment in the Federal Register and I want to assure all stakeholders, including Congress, that the Department is very open to input to further refine, clarify, and improve this rule.
- Retirement security is a fundamental pillar of the middle class. We must ensure that Americans who work hard and save responsibly for retirement are getting a fair share of the returns on those savings. This Subcommittee knows too well that there is a retirement crisis in America and that not enough Americans are saving for retirement. I am deeply concerned that even if you have done the right thing, worked hard, and saved what you could, you could end up in a situation where you do not have what you need for retirement simply because your adviser is not required to put your interests first. The majority of advisers already do the right thing and serve their clients' interests first, but most Americans do not have room for error and cannot afford to invest in products with unnecessarily high fees or low returns that benefit their advisers but do not meet their own needs.
- Losses due to conflicts of interest, on average, reduce returns for affected savers by about 1 percentage point per year. Over 35 years of saving, this could reduce savings by more than a quarter. And in many cases, the affected consumers don't even know it is happening. The lack of rules of the road is confusing, it creates an un-level playing field, and it hurts working people who just want to be able to save enough to retire comfortably.
- Quick summary of proposed conflict of interest rules:

- The proposal will close the loopholes in the 1975 DOL rule that today make it possible for advisers to exclude from protection the kind of advice relationships that are common now for 401(k) and IRA holders. Under the proposal's new definition, a fiduciary is a person providing investment advice for a fee or other compensation with respect to a plan or IRA if either the person doing so acknowledges he or she is acting as a fiduciary within the meaning of ERISA or the Internal Revenue Code OR the advice is provided pursuant to an agreement or understanding, written or verbal, that the advice is individualized to, or specifically directed to, the advice recipient for consideration in making investment or management decisions with respect to investments of plans or IRAs.
- To serve our second principle to allow maximum flexibility, the proposal that we published in April does not include detailed rules as to what advisers can and cannot do to serve their clients. Instead, the proposal has one fundamental tenet that should be unassailable -- retirement advisers should put the best interests of their clients above their own financial interests. This proposal is intended to provide guard rails, but not to be a straightjacket, because we know there is not a one-size-fits-all solution to putting clients' interests first.
- Our proposal's second principle is best illustrated by the proposal's carve outs and exemptions, which allow for flexibility and workability. The proposed exemptions from ERISA's prohibited transaction rules would broadly permit firms to continue common fee and compensation practices, as long as they are willing to adhere to basic standards aimed at ensuring that their advice is in the best interest of their customers. Rather than create a highly prescriptive set of transaction-specific exemptions, the Department instead is proposing a set of exemptions that accommodate a wide range of current business practices, while minimizing the harmful impact of conflicts of interest on the quality of advice.

Introduction by Chairman Johnny Isakson (R-GA) and Ranking Member Al Franken (D-MN)

- The title of the hearing is instructive, reflecting Wall Street

opposition to the administration's proposed rules: "Restricting Advice and Education: DOL's Unworkable Investment Proposal for American Families and Retirees." According to Chairman Isakson, the rules are a "solution in search of a problem" and unnecessarily devote hundreds of pages and comments to redefining a single word. Chairman Isakson is concerned that the rules would be unworkable, counterproductive, and would wind up limiting access by the middle class to retirement advice. Ranking Member Franken jokingly indicated that he was taken back by the title of the hearing and would have renamed it: DOL's Fiduciary Proposal – What a Great Rule.

- o Panel Testimony and Comments:

The Chamber of Commerce and other critical industry groups call the DOL's proposal "unworkable" and a "jurisdictional land-grab." One element of the proposed rules that is particularly contentious is the lead role of the Labor Department. Critics assert that the proposed rules should be under the jurisdiction of the SEC, which traditionally has been the lead Wall Street regulator. Other critics believe that the proposed rules would raise the costs of obtaining financial advice for middle class Americans who need it the most. By contrast, AARP supports the proposed rules. FNIRA supports a best interest fiduciary standard, but recommends substantial improvements to the proposal.

- o Senator Elizabeth Warren (D-MA) took issue with the suggestion that the current "suitability" standard was adequate to protect retirees. In particular, she questioned one of the panelists about allegations by Florida firefighters, teachers and other public employees that Primerica brokers encouraged them to cash out their defined benefit pension in favor of riskier mutual funds that would generate commissions for Primerica. It has been reported that last year Primerica set aside \$15 million to settle allegations involving 238 such cases. While the President of Primerica was quick to point out that his company did nothing illegal, Senator Warren emphasized that this was her point.
- o Do you agree? Should all retirement assets be governed by a fiduciary duty standard? Are public sector employees who are on the verge of retiring better served by cashing out their monthly defined benefit? Are such retirees best served by a fiduciary duty standard when retirement assets are rolled over to an IRA? To

date, the DOL has received over 500 comments. The comment period is being extended. Stay tuned for future updates, as the proposed conflict of interest rules travel through the rulemaking process.

This piece was brought to our readers by Adam Levinson, Esquire.

3. PUBLIC PENSION FUND TRUSTEES PRESS SEC FOR PRIVATE EQUITY FEE DISCLOSURE: A coalition of public pension fund trustees wants the Securities and Exchange Commission to require more disclosure of private equity fees according to pionline.com. A letter was sent to SEC Chairwoman Mary Jo White by 13 state and municipal treasurers and comptrollers representing \$1 trillion in public pension fund assets calling for an industrywide standard to give private equity limited partners more transparent and frequent information on fees and expenses. There are four types of private equity firm expenses, but only directly billed management fees are regularly provided to investors, while information on fund expenses, allocated incentive fees and portfolio company charges are often reported deep in annual financial statements, and only on an annual basis, said the letter signed by officials from the District of Columbia, California, New York, Virginia, Wyoming, North Carolina, South Carolina Rhode Island, Vermont, Nebraska, Oregon and Missouri. It's time to take the detective work out of how private equity managers report their fees, said New York City Comptroller Scott M. Stringer, fiduciary for the five public pension funds in the \$163.4 billion New York City Retirement Systems. Billing practices are cryptic at best and many partnership statements are so vague they could be considered purposefully opaque. Coalition members want more consistent and comparable fee disclosures, and said the SEC is in the best position to make those changes. North Carolina Treasurer Janet Cowell, sole trustee of the \$90 billion state pension fund, said in a statement that while her state collects and reports private equity performance and fees, the time has come to require standardized and comprehensive reporting from private equity firms to level the playing field.

4. TEACHER RETIREMENT PLANS: CASE STUDIES: National Institute of Retirement Security has an Issue brief: *Teacher Retirement Plans: Case Studies in Washington and Ohio Indicate Value of Pensions*. For more than a century, public retirement systems have

provided financial security to current and future retired teachers, while also enabling public schools to manage their educational workforce. However, in recent years, a few states have moved to new benefit design structures for K-12 teachers, including providing teachers a choice between a traditional defined benefit pension design and alternative designs, such as a defined contribution plan, or a “hybrid” DB-DC combination design, which includes both DB and DC benefits. In offering teachers a choice between retirement plans, public policy considerations include state budget concerns, the financial health of the pension fund, and the distribution of risk between the state and employees. In terms of teacher pensions, effects on education quality should also be considered, for example, the retirement plan’s effect on recruitment and retention of quality teachers to foster a highly effective teaching workforce. In 1997, Washington State started covering all teachers in a DB-DC combination plan with a choice to move to that plan from the DB pension available to those teaching in 1997. More recently, the state legislature changed the law to reopen membership in the traditional DB pension for all new teachers hired since 2007 to allow them to choose between the two plans. Several papers on the Washington State experience have reached somewhat different conclusions on the value and implications of the choice option for teachers in that state. The issue brief delves deeper into the unique experience in Washington, as well as the teacher choice experience in Ohio, and finds that:

- The experience of teacher election patterns in Washington State is unique, in that the combined DB-DC plan included special features and timing patterns which encouraged participation. Specifically:
 - Teachers were provided upfront financial payments to switch to the DB-DC combined plan.
 - The bull stock market of the 1990s may have caused teachers to overestimate how much money they would be likely to accumulate in their DC account, thereby making the combined plan seem more generous.
 - The state offers in-plan annuitization of the DC account balance, which provides teachers with a much larger lifetime income stream than if they were to buy an annuity from an insurance company, but also shifts longevity risk back to the state.
 - Ohio, the only other state that offers teachers a choice between

- a DB plan and a combined DB-DC plan, does not provide such incentives in the combined plan, and has experienced very different election results. Between 2002-2014, 86% of teachers have opted for the traditional DB plan, versus just four percent who opt for the combined plan.
- o Education policy research finds that traditional DB pensions play a critical role in recruiting and retaining productive teachers. Therefore, offering an alternative retirement design could have adverse effects on teacher quality.

Evidence from these two states suggests that teachers are unlikely to choose an alternative retirement plan design unless the state undertakes significant risk in the individual account portion of the plan. Furthermore, because research suggests that offering a choice could have adverse effects on teacher retention and quality, policymakers should proceed with caution before implementing a choice between a DB pension and a combined DB-DC plan.

5. NASRA ISSUE BRIEF: COST-OF-LIVING ADJUSTMENTS: This issue brief by National Association of State Retirement Administrators: Cost-of-Living Adjustments presents a discussion about the purpose of COLAs, the different types of COLAs provided by government pension plans, and an overview of recent state changes to COLA provisions. Most state and local governments provide a COLA for the purpose of offsetting or reducing the effects of inflation, which erodes the purchasing power of retirement income. Using two hypothetical inflation rates, after 20 years, the real (inflation-adjusted) pension benefit in this example of \$25,000 falls to \$16,690 (67% of its original value) or \$13,595 (54% of its original value), depending upon the actual rate of inflation used. Such depreciation can affect the sufficiency of retirement benefits, particularly for those who are unable to supplement their income due to disability or advanced age. Social Security beneficiaries are provided an annual COLA to maintain recipients' purchasing power. Similarly, most state and local governments provide an inflation adjustment to their retiree pension benefits. This is particularly important for those public employees -- including nearly half of public school teachers and most public safety workers -- who do not participate in Social Security. Unlike Social Security, however, state and local retirement systems typically pre-fund the cost of a COLA over the working life of an employee to be

distributed annually over the course of his or her retired lifetime. The way in which public pension COLAs are calculated and approved varies considerably. In general, COLA types and features are differentiated in the following ways:

- **Automatic vs. Ad hoc.** An overarching distinction among COLAs is whether they are provided automatically or on an ad hoc basis. An ad hoc COLA requires a governing body to actively approve a postretirement benefit increase. By contrast, an automatic COLA occurs without action, and is typically predetermined by a set rate or formula. In some cases, ad hoc COLAs are contingent on other factors, such as a maximum unfunded liability amortization period.
- **Simple vs. Compound.** Another distinction between COLA types is whether the increase is applied in a simple or compound manner. Under a simple COLA arrangement, each year's benefit increase is calculated based upon the employee's original benefit at the time of his or her retirement. Under a compound COLA arrangement the annual benefit increase is calculated based upon the original benefit as well as any prior benefit increases. Some COLAs contain both features, they may be "simple" until the retiree reaches a certain age or year retired, at which point COLA benefits are calculated using a compound method.
- **Inflation-based.** Many state and local governments provide a post-retirement COLA based on a consumer price index, which is a measure of inflation. Most provisions like this restrict the size of the adjustment, such as by "one-half of the CPI" and/or "not to exceed three percent." The most recognized CPI measures are calculated and published by the U.S. Bureau of Labor Statistics, and the CPI measures used by most public pension plans are either the CPI-U (based on all urban consumers) and the CPI-W (urban wage earners and clerical workers). Some states use state-or region-specific inflation measures to determine the amount of the COLA.
- **Performance-based.** Some public pension plans tie their COLA to the plan's funding level or investment performance. In one statewide system, for example, the COLA is a range tied to CPI based on the funding level of the plan. Annuitants with another

state system receive a permanent benefit increase tied to their length of service when the fund's actuarial investment return exceeds the assumed rate of investment return.

- **Delayed-onset or Minimum Age.** Another characteristic contained in some automatic COLAs is to delay its onset, either by a given number of years, or until attainment of a designated age. A COLA may also take on any of the characteristics stated above and will become available to a retiree once he or she meets the designated waiting period or age requirements.
- **Limited Benefit Basis.** Some retirement systems award a COLA calculated on a portion of a retiree's annual benefit, rather than the entire amount. For example, one system provides a COLA of three percent applied to only the first \$18,000 of benefit. In such cases, the COLA can also be tied to an external indicator, such as CPI, and factors such as delayed onset may also be present.
- **Self-funded Annuity Option.** Some state retirement plans offer post-retirement benefit increases through an elective process known as a self-funded annuity account. Under this design a member effectively self-funds his or her COLA by choosing to receive a lower monthly benefit in exchange for a fixed rate COLA to be paid annually upon retirement.
- **Reserve Account.** Other public retirement systems pay COLAs from a pre-funded reserve account. This is a variation on the COLA tied to investment performance since the reserve account is funded with excess investment earnings. Under this scenario a COLA is provided from the funds set aside in the reserve account. Sometimes there is a stipulation attached that the fund itself must reach a certain size for any COLA to be granted in a given year.

The cost of a COLA predictably depends on the level of the COLA benefit. Such factors as its size; the portion of the benefit to which the COLA applies; whether or not the COLA is paid annually or sporadically; whether the adjustment is simple or compounded, and other features, all affect its cost. It has been estimated that an automatic COLA of one-half of an assumed CPI of three percent,

compounded, will add 11% to the cost of the retirement benefit. An automatic COLA of three percent, compounded, is estimated to add 26% to the cost of the benefit. The Governmental Accounting Standards Board requires public pension plans to disclose assumptions regarding COLAs, including whether the COLA is automatic or ad hoc, and to include the cost of COLAs in projections of pension benefit payments. GASB considers an ad hoc COLA to be "substantively automatic" when a historical pattern exists of granting ad hoc COLAs or when there is consistency in the amount of changes to a benefit relative to an inflation index. As part of efforts to contain costs and to ensure the sustainability of public pension plans, and in response to the current period of historically low inflation, many states recently have made changes to COLA provisions by adjusting one or more of the elements mentioned above. Since 2009, fifteen states have changed COLAs affecting current retirees, eight states have addressed current employees' benefits, and six states have changed the COLA structure only for future employees. The legality of these modifications in several states has been, or is, being challenged in court. The effects of a COLA can be consequential both in protecting purchasing power and in adding costs to a plan. As states consider measures to ensure the sustainability of their pension plans for both those currently retired or employed, and for future generations of workers, policymakers are reexamining all aspects of benefit design and financing, including the way COLAs are determined and funded. Just as high periods of inflation in the past placed pressure on states to add or adjust COLAs upward, the recent low rates of inflation, combined with rising pension plan costs, have spurred action to reduce COLA levels. Some states have included provisions that would enable COLAs to increase should inflation grow or funding status or fiscal conditions improve. (June 2015).

6. BLS DATA HIGHLIGHT RETIREMENT DISPARITIES BETWEEN PUBLIC, PRIVATE SECTORS: Sixty-six percent of workers in private industry and 90% in state and local government jobs had access to retirement benefits in March, according to the latest U.S. Bureau of Labor Statistics. Of those individuals with access to retirement benefits, 49% in private industry and 81% in state and local government actually participated in their workplace plans in March. Employer-sponsored retirement benefits were available to 31% of the lowest wage earners in private industry in March, but only 12%

participated, in comparison to 88% of workers in the highest wage category having access to plans and 78% participating. BLS also found that 61% of state and local government workers in the lowest wage category had access to retirement benefits, but only 54% participated, compared to 98% of workers in the highest wage category, with 89% participating. Full-time workers in state and local government had high rates of access to major benefits, with 99% who had access to retirement and medical care benefits and 98% with paid sick leave. Thirty-nine percent of part-time workers also had access to retirement benefits, while 24% had access to medical benefits and 42% had access to paid sick leave. The job you hold also makes a difference in the type of benefits you have access to. In private industry, 80% of workers in management, professional and related occupations had access to retirement plans, with 67% of those participating. In state and local government, 92% of management, professional and related had access to retirement benefits, with 82% participating. In private industry, 39% of service workers had access to retirement benefits, but only 22% participated, compared to 85% of service workers in state and local government workers who have access. Only 77% of these workers participated in their employer-sponsored retirement plan. Union membership also helped determine how many people had access to retirement benefits. Ninety-two percent of private workers who belonged to a union had access to retirement benefits in March, compared to 63% of those who were nonunion. In state and local government, 97% of union and 84% of nonunion had access to retirement plans at work. Eighty-nine percent of workers at private companies with more than 500 employees had access to workplace retirement plans, with 76% participating. Only 51% of workers at companies with between one and 99 employees had access to a workplace retirement plan. Of those, only 35% participated in the plan. Workers in the Midwest were much more likely to have access to retirement benefits than those in the South, Northeast or West. Seventy percent of private industry in the Midwest offered retirement benefits to their employees. Private companies in the West were much less likely to offer their employees retirement benefits, with only 60% of companies offering benefits.

7. CLIMATE CHANGE IS A HUGE RISK TO FLORIDA PROPERTY:

According to governing.com, Florida has more private property at risk from flooding linked to climate change than any other state, an

amount that could double in the next four decades. By 2030, \$69 billion in coastal property in Florida could flood at high tide that is not at risk today. That amount is projected to climb to \$152 billion by 2050. While projections for rising seas are not new, for the first time researchers tried to quantify the economic damage wrought by climate change by better understanding the risks to business and a rebounding economy. Growth in manufacturing and energy production have created a mini boom in the Southeast and Texas, the report said. But climate change threatens to undo that progress and cause widespread damage to the region's economic pillars: manufacturing, agriculture and energy. For Florida, the blows are significant and not only for property. Higher temperatures and rising seas could slow labor productivity, stress the energy industry and dry up cash pumped into the state by tourists. The report arrives as the Obama administration makes a new push on climate policies in advance of the United Nation's fall talks in Paris -- 13 companies including Alcoa and Walmart committed to cutting pollution and investing in green energy. But by looking at the bottom line, Paulson said the project tries to leave aside the politics that frequently make climate change a partisan issue. Co-chaired by former New York City Mayor Michael Bloomberg, hedge-fund billionaire Tom Steyer and Paulson, the Risky Business Project is a collection of business and policy leaders that crosses political lines. This year's committee included former University of Miami President Donna Shalala, a Clinton administration alum, and George Shultz, who served in the Nixon and Reagan administrations. Rutgers University climate scientists Robert Kopp and University of California, Berkeley, economist Solomon Hsiang led the team using climate modeling, private sector risk assessment and economic data. "We approach this not on a partisan or political basis. We are not recommending any government policy solution," Paulson said. "We are just simply looking at the risk." Whether Florida Republicans heed the message remains to be seen. State employees have said Governor Rick Scott's administration warned them not to use the phrase climate change in state documents. And in South Florida, where a four-county compact has been working for years to address risks, Miami-Dade County only this year agreed to have Mayor Carlos Gimenez draft a plan. "Paulson gets it. When you have assets (public or private) that are in jeopardy, it makes good business sense that you can add substantial value by investing in resiliency," said County Clerk Harvey Ruvin, who led the county's climate change

task force. According to the study, storm-related losses linked to climate change are expected to increase an average of \$1.3 billion every year by 2030, or by \$4 billion yearly on average by 2050. Even at mean sea level, more property could flood with rising seas: up to about \$15 billion worth by 2030, the report said. Rising temperatures also mean the number of days over 95 degrees will increase from about seven per year to 32 between 2020 and 2039, the report said. By mid-century, the number of 95-degree days could reach 76, or more than two and a half straight months of scorching, AC-busting days. Yet the real estate industry, which potentially faces the greatest risk, has not widely addressed solutions to climate change, said Andrew Frey, a land-use attorney and residential developer. "It's all driven by the buyers. So if the long-term owner of the shopping center or apartment community or detached single family home does not care about sea-level rise, then the developer is not going to spend the money on it," he said. "However, if they do care, the developer will spend it if [the buyers are] willing to cover the extra cost." Saying he is as much to blame as any developer, Frey explained the bigger problem is tackling the suburban sprawl that helps generate greenhouse gases that trigger climate change. "We have skipped over one solution and jumped straight to another," he said. The report, titled "Come Heat and High Water: Climate Risk in the Southeastern U.S. and Texas," is the second this year to focus on a region -- in January the group looked at the Midwest. Paulson said the group found that while many businesses are considering energy efficiency in building new plants or factories, and taking a closer look at supply chains to locate facilities more strategically, they are not including climate change in risk assessments. The report is intended to convey the seriousness of not acting, he said. Once the industry is convinced, Paulson said, he hopes it will do more to lobby politicians to act and then publicly disclose the risks. "There's really well-intentioned people who have reasonable doubts and don't have certainty. But the risks are very real," he said. "When you look at the outcomes we're facing, it is just hard to come up with any reasonable justification for not acting."

8. SAN FRANCISCO TRIES SPECIAL PAINT TO STOP PUBLIC URINATION: When it comes to odorous annoyances, San Francisco officials hope a fresh coat of paint will succeed where manners and bladders have failed according to governing.com. Crews with San

San Francisco Public Works began painting buildings in the city with a clear-coat sealant that, in theory, would splash back urine, or any other liquid sprayed onto it. There are signs posted on the walls cautioning urinals of the risk they face if they relieve themselves, but some people "might learn the hard way," chuckled the director of Public Works, Mohammed Nuru. "The wall advises not to urinate there. It is in three languages. If they happen to take that chance, they can get their feet or pants wet. It does work. Believe me. The issue is not the city's No. 1 priority, but the proposed remedy is costing only a few hundred dollars to experiment with and would save labor hours and water. Through mid-July, San Francisco's Public Works department has received more than 7,500 requests for steam cleaning, the bulk of those (almost 60%) connected to feces, urine and vomit. The rest of the cleaning calls are connected to graffiti, bird poop and other symptoms of urban life. The paint was discovered online, while reading a news story about a bar in Germany that said its experiments with pee-repellent paint were working wonders with the local clientele. Nuru tweeted out a link to the article in March, contacted the company and ultimately requested Bay Area residents to point out where folks were answering nature's call publicly in San Francisco. City staff identified three neighborhoods -- South of Market, Mission and the Tenderloin -- and chose 10 public and private buildings on which to test the paint for six months. Private businesses had requested they be in the program. So far the evidence is only anecdotal, but staff has noticed a difference. The paint is painted to about 3 feet above the ground and stretches the length of the buildings. If the program proves successful, the City Council will be asked to expand it. Of course.

9. IRS WEBINAR ON CORRECTING RETIREMENT PLAN MISTAKES: On August 4, 2015 at 2:00 p.m. Eastern Time, the Internal Revenue Service will hold a free webinar about Revenue Procedures 2015-27 and 2015-28 modifications to Revenue Procedure 2013-12 to encourage voluntary compliance by:

- Promoting early correction of elective deferrals failures in retirement plans, including auto enroll plans
- Making it easier to fix ongoing IRC 415 annual addition limit failures in certain plans
- Clarifying the rules for recovering certain overpayments paid to

- plan participants
- Paying reduced compliance fees under the Voluntary Correction Program for required minimum distribution failures and certain participant loan failures

Register and you will receive a confirmation at:
<https://www.webcaster4.com/Webcast/Page/925/9463>.

10. ON SECOND THOUGHT...MAYBE THEY WERE WRONG?: Reagan does not have that presidential look. United Artists executive after rejecting Reagan as lead in the 1964 film *The Best Man*.

11. APHORISMS: There are worse things than getting a call for a wrong number at 4 a.m. For example, it could be the right number.

12. TODAY IN HISTORY: In 1928, George Eastman shows 1st color motion pictures.

13. 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.

14. 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>.

15. REMEMBER, YOU CAN NEVER OUTLIVE YOUR DEFINED RETIREMENT BENEFIT.

* * * * *

**777 Arthur Godfrey Road
Miami Beach, Florida 33140
Telephone/Miami-Dade: 305.532.3200
Telephone/Broward: 954.522.3200
Telephone/Toll Free: 800.332.3200
Telecopier: 305.535.0050
www.cypen.com
info@cypen.com**

* * * * *

[unsubscribe from this list](#) | [update subscription preferences](#)

This email was sent to jmorris@city-ftpierce.com
[why did I get this?](#) [unsubscribe from this list](#) [update subscription preferences](#)
Cypen & Cypen · 777 Arthur Godfrey Road · Suite 320 · Miami Beach, FL 33140 · USA

