



**CYPEN & CYPEN**  
**NEWSLETTER**  
**for**  
**APRIL 28, 2016**

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Stephen H. Cypen, Esq., Editor

Never Forget September 11, 2001

and

Always Remember May 2, 2011

**1. SPOTLIGHT ON CITY OF MIAMI FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST:** Created on January 1, 1940, City of Miami Firefighters' and Police Officers' Retirement Trust (FIPO) is one of the oldest such funds in the State of Florida. At about \$2 billion in assets, it is also one of the largest. To appreciate what a giant FIPO really is,

consider the following numbers:

Retirement benefits granted during the year represent annual benefits of \$374,637, and are

2	Service Retirements with annual benefits of	\$79,058.
5	DROP Service Retirements with annual benefits of	\$244,506.
5	Benefit Adjustments with annual benefits of	\$7,606.
1	Ordinary Death with annual benefits of	\$43,468.

In addition, three beneficiaries received an Ordinary Death benefit of one half of a year's salary totaling \$109,826.

During the year, 47 pensioners of the Retirement Trust died. Of these, 29 had selected a pension which terminated at their death and 18 had selected an option that will continue to a beneficiary representing yearly benefits of \$176,568.

During the year ending September 30, 2015, the pension payroll totaled

\$125,043,011, which is a decrease of -0.3351% when compared to the previous year's total payroll, and is broken down as follows:

		ANNUAL BENEFITS
1,493	Service Retirements	\$97,538,046
277	DROP Service Retirements	\$20,173,418
52	Early Service Retirements	\$671,377
8	Ordinary Disability Retirements	\$99,332
139	Service/Accidental Disability Retirements	\$3,186,795
8	Accidental Death Retirements	\$203,303
6	Ordinary Death Early	\$184,434
245	Continuations	<u>\$2,986,306</u>
		\$125,043,011

Gains/losses on securities, and miscellaneous income: \$93,406,277

FIPO utilizes the services of more than 20 investment managers.

Here follows a list of Board trustees, Administrator and regular outside service providers:

Board of Trustees

Chairman

Tom Gabriel - Fire Captain  
Elected by the Fire Fighters  
(21 years of service)

Jesse Diner  
Appointed by the City Commission  
(25 years of service)

Thomas Roell  
Appointed by the City Commission  
(5 years of service)

Nelson Enriquez - Fire Captain  
Elected by the Fire Fighters  
(3 years of service)

Monica Fernandez  
Appointed by the City Commission  
(14 years of service)

Ornel Cotera\*  
Appointed by the City Commission  
(10 years of service)

Annette Rotolo- Police Sergeant  
Elected by Police Officers  
(11 years of service)

Sean MacDonald - Police Lieutenant  
Elected by the Police Officers  
(1 year of service)

Robert Moskowitz  
Appointed by City Manager  
(11 years of service)

Administrator

Dania Orta  
(26 years of service)  
(Plus five full-time staff)

Outside service providers

Legal Advisor

Stephen H. Cypen, Esq.  
(29 years of service)

Medical Advisor

Cornell Lupu, M.D.  
(24 years of service)

Consulting Actuary

Nyhart  
(32 years of service)

Certified Public Accountants

Goldstein Schechter Koch, CPA  
(15 years of service)

Consultant

William Cottle, CFA (Milliman)

Custodian

Northern Trust Company

Let's hope that the next 75 years are just as successful!

\*Mr. Cotera has succeeded to the position of Chairman.

**2. IN CONTEXT OF PENSION FORFEITURE, FINAL CONVICTION OCCURS UPON SENTENCING, NOT A CONCLUSION OF APPELLATE PROCESS:**

DiMasi, a former Speaker of the Massachusetts House of Representatives, resigned his position in 2009, and began receiving retirement benefits from the State Board of Retirement. Subsequently, a federal grand jury indicted DiMasi for violating several federal laws while in office. Thus, the board voted to suspend DiMasi's retirement allowance. He sought judicial review, and the municipal court entered summary judgment in his favor. After the board appealed, a federal jury found DiMasi guilty of seven counts of the superseding indictment. DiMasi was later sentenced to a term of imprisonment. Again, the board voted to suspend payment of DiMasi's

retirement allowance. A hearing officer concluded that DiMasi's convictions became final and he was sentenced; therefore, DiMasi forfeited his retirement allowance as of the earlier date rather than five years later upon exhaustion of all appeals. The municipal court agreed with the board that the term final meant the date of sentencing, not the date when all appeals were exhausted. The Supreme Judicial Court affirmed, holding that in the context of pension forfeiture, final conviction occurs when an individual is sentenced and not at conclusion of the appellate process. The appellate court further concluded that DiMasi was entitled to return of his total accumulated deductions, together with interest until payment was made. (Note that in Florida, although one suffering forfeiture is entitled to return of accumulated contributions, he is not entitled to any interest or other benefits. Section 112.3173(5), Florida Statutes.) Thanks to Justia for a summary of the case. *DiMasi v. State Board of Retirement*, SJC-11971 (Mass. April 21, 2016).

### **3. TEN THINGS YOU SHOULD KNOW ABOUT PUBLIC PENSION**

**DISCLOSURE CHANGES:** State and local government retirement systems have significant oversight and disclosure requirements, some of which are being considerably modified. [Several new and separate public pension calculations](#) are being published -- each derived in different manners and for distinct purposes -- and could easily be misunderstood and create confusion. Below are ten key takeaways regarding existing disclosures, notable changes and their effects:

- State and local governments provide significant oversight for their

retirement systems and require open reporting and processes. These systems are established under state statutes, local ordinances or both; subject to fiduciary, investment and administrative laws, as well as to open records and sunshine statutes; overseen by elected governmental bodies, state and local regulators, elected office holders, the public and independent boards of trustees.

- The Governmental Accounting Standards Board is recognized by governments, the accounting industry and the capital markets as the official source of generally accepted accounting principles for state and local governments. GASB standards must be followed to receive a clean audit. GASB was established by state and local government organizations in conjunction with the Financial Accounting Foundation, in recognition of the fact that governments are fundamentally different from for-profit business enterprises, including their unique time horizons, oversight, revenue streams, constitutional or contractual protections, stakeholders and accountability for resources.
- GASB has recently completed a multi-year process of reviewing and revising its accounting standards on public pension reporting. GASB Statement 68, which will be implemented into state and local government financial statements this year, includes many changes. Notably, state and local governments will now be required to report their net pension liability on their balance sheets.
- The new GASB requirements do not affect actuarial funded ratios or pension contribution requirements; they only change where and

how pension costs are accounted for in financial statements to provide additional and more prominent information.

- The placement of net pension liabilities on an employer's balance sheet could create the erroneous impression that this is an obligation that is due immediately. This is not the case. Pensions are funded and paid out over very long periods -- contributions are made over employees' careers and distributions are provided in monthly installments in their retirement.
- A new term, "pension expense," refers to the change in the net pension liability from one year to the next, and should not be confused with what governments actually budget and expend on pension contributions. The new GASB net pension liability figure will be volatile, because it is based, in part, on the market value of pension assets, which fluctuate with investment markets. Under GASB 68, pension expense is a measure of this volatility, not an employer's pension contribution.
- Information about annual pension contributions has not gone away. Actuarially determined pension contributions, as well as the assumptions that underlie them, are required to be included in financial notes, along with a government's 10-year pension contribution history. The financial condition of the retirement system, including funded status and necessary contributions, must be certified by qualified actuaries that adhere to Actuarial Standards of Practice maintained by the Actuarial Standards Board, which identifies what U.S. actuaries should consider document and disclose.

- Adjusted pension data being published by some credit rating agencies does not change a government's pension liabilities; it is merely part of their credit analytics. Some credit ratings agencies are now modifying pension data using their own methodologies to standardize results and they are publishing this adjusted data. Credit ratings agencies have long been factoring pension liabilities into their credit ratings and bond ratings for only a small number of governments are expected to change due to pension obligations.
- State and local policymakers are urged to review the effectiveness of existing funding policies and practices. National organizations representing the nation's governors, state legislatures, state and local officials, and public finance professionals have released [Pension Funding: A Guide for Elected Officials](#), which recommends the calculation and payment of actuarially determined pension contributions within accepted guidelines so that pension promises can be paid, employer costs can be managed, and the pension funding policy is clear to all stakeholders.
- Since the Great Recession, all 50 states and numerous localities have been taking steps to strengthen their pension funding; none has requested or required federal intervention. Federal [legislation](#) has been proposed to eliminate the tax-exempt status of municipal bonds if state and local governments do not comply with federally-imposed, conflicting and costly pension reporting mandates. It is inappropriate for the federal government to propose unfunded mandates and penalties in an area that is the fiscal responsibility of

sovereign States and localities.

The neat two-page compendium was issued by:

NCSL - National Conference of State Legislatures

CSG - The Council of State Governments

NACo - National Association of Counties

NLC - National League of Cities

USCM - U.S. Conference of Mayors

ICMA - International City/County Management Association

NASBO - National Association of State Budget Officers

NASACT - National Association of State Auditors, Comptrollers and  
Treasurers

GFOA - Government Finance Officers Association

NASRA - National Association of State Retirement Administrators

#### **4. HOW SOCIAL SECURITY REVIEWS YOUR DISABILITY BENEFITS:**

When you receive disability benefits, Social Security will periodically conduct a review of your condition to make sure you still qualify for blind or disability benefits. With the right information, you can be prepared when this happens. When your case comes up for review, SSA will send you a letter asking you to come to your local SS office. You will be asked about your medical condition and how it affects you and whether it has improved. You will also be asked to bring information about your medical treatment and any work you have performed since SS decided you were disabled. A disability examiner from your state's Disability Determination Services will request reports from your medical providers, and will

carefully review all the information in your case. If the medical evidence is not complete or current, you may be asked to have a medical exam at no cost to you. SS conducts a disability review of your case approximately every three years, depending on the nature and severity of your medical condition and whether it is expected to improve. If SSA does not expect improvement, it will review your case every seven years. When a disability review is conducted, if SSA finds that your medical condition has not improved and is still preventing you from working, you will continue to receive benefits. Your benefits only stop if the evidence shows your medical condition has improved and you are able to work regularly. If you disagree with the decision, you can appeal and ask SSA to look at your case again. When SSA notifies you of its decision, it will explain how you can appeal that decision. You can visit Social Security online for more information, or read the publication *What You Need to Know When You Get Social Security Disability Benefits*.

**5. VIOLATION OF THE FIRST AMENDMENT MAY ARISE WHEN AN EMPLOYER DEMOTES AN EMPLOYEE TO PREVENT THE EMPLOYEE FROM ENGAGING IN PROTECTED POLITICAL ACTIVITY, EVEN IF THE DEMOTION WAS BASED ON A FACTUAL MISTAKE BY THE EMPLOYER:** Heffernan was a police officer working in the office of Paterson, New Jersey's chief of police. Both the chief of police and Heffernan's supervisor had been appointed by Paterson's incumbent mayor, who was running for re-election against Lawrence Spagnola, a good friend of Heffernan's. Heffernan was not involved in Spagnola's campaign in any capacity. As a favor to his bedridden

mother, Heffernan agreed to pick up and deliver to her a Spagnola campaign yard sign. Other police officers observed Heffernan speaking to staff at a Spagnola distribution point while holding the yard sign. Word quickly spread throughout the force. The next day, Heffernan's supervisors demoted him from detective to patrol officer as punishment for his "overt involvement" in Spagnola's campaign. Heffernan filed suit, claiming that the police chief and the other respondents had demoted him because, in their mistaken view, he had engaged in conduct that constituted protected speech. They had thereby "deprived" him of a "right . . . secured by the Constitution." 42 U. S. C. §1983. The District Court, however, found that Heffernan had not been deprived of any constitutionally protected right because he had not engaged in any First Amendment conduct. Affirming, the Third Circuit concluded that Heffernan's claim was actionable under §1983 only if his employer's action was prompted by Heffernan's actual, rather than his perceived, exercise of his free-speech rights. The United States Supreme Court held: when an employer demotes an employee out of a desire to prevent the employee from engaging in protected political activity, the employee is entitled to challenge that unlawful action under the First Amendment and §1983 even if, as here, the employer's actions are based on a factual mistake about the employee's behavior. To answer the question whether an official's factual mistake makes a critical legal difference, the Court assumes that the activities that Heffernan's supervisors mistakenly thought he had engaged in are of a kind that they cannot constitutionally prohibit or punish. Section 1983 does not say whether the "right" protected primarily focuses on the employee's actual activity or on the

supervisor's motive. Neither does precedent directly answer the question. In *Connick v. Myers*, 461 U.S. 138, *Garcetti v. Ceballos*, 547 U.S. 410, and *Pickering v. Board of Ed. of Township High School Dist. 205, Will Cty.*, 391 U.S. 563, there were no factual mistakes: The only question was whether the undisputed reason for the adverse action was in fact protected by the First Amendment. However, in *Waters v. Churchill*, 511 U. S. 661, a government employer's adverse action was based on a mistaken belief that an employee had not engaged in protected speech. There, this Court determined that the employer's motive, and particularly the facts as the employer reasonably understood them, mattered in determining that the employer had not violated the First Amendment. The government's motive likewise matters here, where respondents demoted Heffernan on the mistaken belief that he had engaged in protected speech. A rule of law finding liability in these circumstances tracks the First Amendment's language, which focuses upon the Government's activity. Moreover, the constitutional harm -- discouraging employees from engaging in protected speech or association -- is the same whether or not the employer's action rests upon a factual mistake. Finally, a rule of law imposing liability despite the employer's factual mistake is not likely to impose significant extra costs upon the employer, for the employee bears the burden of proving an improper employer motive. For the purposes of this opinion, the Court has assumed that Heffernan's employer demoted him out of an improper motive. Therefore this Court has reversed and remanded the matter to the lower court to decide in the first instance whether respondents may have acted under a neutral policy prohibiting police officers from overt

involvement in any political campaign and whether such a policy, if it exists, complies with constitutional standards. *Heffernan v. City of Paterson*, No. 14-1280 (U.S. April 26, 2016).

**6. WHAT HAPPENS IF YOU FORGET TO TAKE YOUR RMD?:** Turning 70 ½ in 2016? You are in good company: over 2 million Baby Boomers turn 70½ this year, and Uncle Sam has a big gift waiting just for you -- Required Minimum Distributions. If you have taken advantage of tax-deferred retirement accounts over the years, such as traditional IRAs and 401(k)s, IRS regulations require that at age 70½ you begin to take, and pay taxes, on distributions. RMDs from your personal retirement accounts must be made by December 31st of each year, with one exception: the IRS does give you a bit of leeway for your first RMD only. You have until April 1 of year following your 70½ birthday to take your first distribution. If you decide to delay that first distribution, you are required to take a second distribution by the end of that calendar year. If you do not need the RMD for living expenses, you may be tempted to leave the funds in the IRA for future use or to leave to your heirs. While this reasoning is faulty, it is understandable: RMDs are taxed as ordinary income at your federal income tax rate, and depending on your state of domicile, you may also owe state taxes on the money. So what happens if forget to take your annual RMD or just decide to skip it? Failure to take a required minimum distribution can result in paying 50% excise tax penalty on the required minimum amount. Here is what to do if you forget to take your RMD. First, take the missing distribution as soon as possible. If you feel that you missed the distribution deadline due to a

reasonable cause (such as serious illness), you can ask the IRS to waive the 50% excise tax. The request for waiver may be included alongside a letter of explanation which you attach to your tax return (Form 1040) and Form 5329. If you have already filed a tax return for the year in which you missed the RMD, you can send the Form 5329 by itself. When requesting a waiver, do not pay the penalties up front. Instead, follow the instructions for requesting a waiver in the Instructions for Form 5329. If IRS does not honor your waiver request, you will be notified accordingly. Forget to take an RMD for more than one year? You must take the missing distribution for each year, and if seeking a waiver from IRS, complete Form 5329 for each missing year. Bottom line: take the RMD. If you do not need the funds, you can reinvest the distribution in a taxable investment account. Or you can consider a qualified charitable distribution. Do not just stand there, do something. All of this stage advice comes from [allabouttrust.com](http://allabouttrust.com).

**7. MONEY MANAGER EXECES TAKE SLIGHT PAY CUT:** Total compensation among the CEOs of large publicly traded money management firms fell an average of 2% in 2015, a year marked by market volatility and growth, or lack thereof, in operating income. Pionline.com reports that BlackRock Inc. chairman and CEO Laurence D. Fink, once again tops the list of the highest-paid executives among 13 publicly traded money management firms that have so far disclosed 2015 compensation information, having earned \$26 million last year. Although proxy statements show that Mr. Fink's compensation went up by 9% from 2014, BlackRock's own accounting measure showed his total

compensation to be flat from the year before. Mr. Fink's package included a \$900,000 base salary, an \$8.72 million cash bonus and deferred equity of \$4.095 million. The remaining \$12.285 million was a long term incentive award. Mr. Fink's cash bonus in 2015 was 4.4% lower than the previous year. Lloyd C. Blankfein, chairman and CEO of Goldman Sachs Group Inc., is the second highest paid, at \$23 million. Mr. Blankfein's pay decreased 4.2% from the previous year. Of the 12 remaining proxy statements collected from other money managers, six CEOs received increases in pay from 2014, while the other six saw year-over-year declines.

**8. INVESTMENT FEES LOWER IN 2015:** The asset weighted average net expense ratio of all U.S. funds was 0.61% in 2015, down from 0.64% in 2014 and 0.73% five years ago, according to a report in plansponsor.com. On average, U.S. investors paid lower fund expenses in 2015 than ever before, as assets continue to flow into lower cost index mutual funds, exchange traded funds, and institutional share classes. The asset weighted average net expense ratio of all U.S. funds was 0.61% in 2015, down from 0.64% in 2014 and 0.73% five years ago. The decline was primarily driven by asset flows into lower priced vehicles -- namely, passive funds and less expensive share classes -- and not by fee cuts in the asset management industry. From 2013 to 2015, the simple-average expense ratio of the largest 1,000 share classes, which accounts for 75% of assets in mutual funds and ETFs, remained 0.64%. The least expensive funds -- those with fees that fall in the lowest quintile -- collected \$1.7 trillion in flows during the past five years, while the

remaining funds have seen outflows of \$372 billion. On average, passive funds, including index funds and ETFs, accounted for approximately 75% of flows into the least expensive funds in that time period. In 2015, the asset weighted expense ratio was 0.18% for passive funds, compared with 0.78% for active funds, a difference of 60 basis points. With such a large fee gap, rising flows into passive funds contributed to falling asset weighted average expense ratios. Although active funds outnumber passive funds eight to one, passive funds gathered \$576 billion more in assets than active funds in 2015. That represents a sharp increase from 2011, when passive funds took in \$140 billion more than active funds. The largest flows to passive funds, and out of active funds, occurred in the Morningstar U.S. equity category group, where passive funds experienced \$471 billion of inflows and active funds saw \$572 billion of outflows during the past five years. The 67-basis-point fee gap between U.S. equity active funds and passive funds is the largest among the seven major asset class groups. Fees in the asset management industry are coming under increasing scrutiny, and this trend has driven investment dollars into lower cost funds, particularly index funds. While certainly a positive trend, it is worth remembering that fund expenses are not the whole story, as investors often pay additional fees on retirement platforms and for advice.

**9. GASB'S UPDATED ACCOUNTING STANDARDS FOR OTHER POSTEMPLOYMENT BENEFITS:** Segal Consulting reminds us that the effective date of Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, (OPEB) is

fast approaching. Statement No. 74, the first of two updated Governmental Accounting Standards Board, says that address accounting and financial reporting by state and local governments for retiree health insurance and postemployment benefits other than pensions, takes effect for fiscal years beginning after June 15, 2016. It applies to OPEB plans that administer benefits on behalf of governments. The other updated OPEB standard, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments, takes effect one year later (for fiscal years beginning after June 15, 2017). The Segal Consulting newsletter summarizes the key requirements in the updated statements, which are intended to provide a more comprehensive picture of the costs associated with state and local governments' OPEB benefits. It also notes some of the implications. As a result of the changes, which are generally very similar to the changes GASB proposed in Exposure Drafts published in 2014, sponsors of public sector plans will face significant additional work in order to prepare their financial statements. Here is a link to the Segal newsletter. <http://www.segalco.com/media/2492/ps-4-15-2016.pdf>.

**10. FINRA HEAD SAYS FINAL LABOR DEPARTMENT FIDUCIARY RULE IS AN IMPROVEMENT:** FINRA chief Richard Ketchum walked back some of his organization's criticism of the Labor Department's fiduciary rule, saying that the revised final regulation is a marked

improvement from the earlier version, a report from onwallstreet.com says. (Ketchum was quoted at an event at the Brookings Institution, a ((conservative)) think tank.) Ketchum credited the Department for making major steps forward in allowing for more operational flexibility under the fiduciary rule, including the explicit permission for advisors to recommend proprietary products and some modifications to best-interest contract exemption. FINRA had been sharply critical of the Department's original proposal, warning that it would further muddy an already convoluted regulatory environment. Ketchum argued instead that existing securities laws would be the more appropriate venue for ensuring that advisors act in their clients' best interest. But Ketchum did praise the Department for keeping an open door throughout the process of revising the rule, and responding to some of the objections that analysts and industry representatives had raised. He also indicated last month that he felt a fiduciary standard made sense. As brokers and advisors digest the impact of the fiduciary rule, Ketchum said he is hopeful that the Department will continue the dialogue with the industry, and provide more clarifying guidance in areas like the types of compensation structures that are permissible under the regulation. He also made a broader appeal for harmonizing the regulatory environment through an SEC action to set a uniform fiduciary standard that would apply in equal measure to advisors and broker-dealers, requiring both to act in the best interest of their clients. With the rule, he lauded the goal of trying to bring investment advice to a higher standard, but cautioned that the new rules would backfire if they compel some advisors to cut off service to lower income clients, as critics have warned. ([See C & C Newsletter for April](#)

[14, 2016, Item 3](#)). For those of you who do not know, FINRA is the Financial Industry Regulatory Authority, and was formally NASD, National Association of Securities Dealers until 2007.

**11. DESPITE WARNINGS, LOANS FROM 401(K) PLANS RISING:** The temptation to take loans from a company 401(k) retirement savings plan is apparently too hard to resist for some people even after they have been warned of how dipping into that account can knock their retirement plans off track, according to International Foundation of Employee Benefit Plans. In addition to the loss of compounding interest, there are other potential downsides or perils of utilizing a loan provision from a 401(k). One would be taxes -- more importantly, paying double taxation on the interest you pay for the loan itself. While research by the Federal Reserve Bank shows a small percentage of workers use their 401(k)s as a honey pot to fund vacations and live beyond their means, the majority of such loans are used to make down payments on homes, consolidate high interest credit card debt, buy cars and pay for educational and medical expenses. And in recent years, it seems a growing number are a last resort to handle emergencies when the account owners are out of cash and out of options for getting what they need. A recent report by the Investment Company Institute, showed loan activity from company 401(k) plans is higher today than it was seven years ago. As of the end of September 2015, 17.6% of 401(k) plan participants had loans outstanding, compared to 15.3% with outstanding loans at the end of 2008. But such loans do come with risks. If a 401(k) loan is not repaid due to default or job loss, the remaining balance is treated as a lump-

sum distribution and is subject to income taxes and a 10% penalty for borrowers who have not reached age 59½. There is another tax issue that many people do not take into consideration. You will be paying back the loan with interest and using after-tax dollars to pay that interest. Then once back in the 401(k) account, when you withdraw those funds for retirement in the future, you will be paying taxes again -- since with a traditional 401(k) account, withdrawals are taxed at the time of distribution. The 401(k), which came onto the scene in 1978, has primarily replaced company pensions as the dominant workplace retirement plan. It creates retirement income, which is why financial advisers typically consider such funds off limits. When we exercise a loan from our 401(k) which is to be utilized for retirement, we lose the compounding of those dollars, since they are no longer in the plan. Do not underestimate that impact, which can literally be thousands of dollars.

**12. DEPUTY PRAYS WITH SPEEDING DRIVER AND ILL MOM, INSTEAD OF WRITING TICKET:** A young woman, RaeAnn Kuykendall, was speeding to an oncologist appointment for her mother when she was pulled over for going 45 in a 35. The deputy who pulled her over is receiving a lot of praise for the way he handled the situation. JUST WATCH THE VIDEO: [http://www.leoaffairs.com/communities/deputy-prays-with-speeding-driver-and-ill-mom-instead-of-writing-ticket/?utm\\_source=feedburner&utm\\_medium=email&utm\\_campaign=Feed%3A+leoaffairs+%28LEOAFFAIRS.COM%29](http://www.leoaffairs.com/communities/deputy-prays-with-speeding-driver-and-ill-mom-instead-of-writing-ticket/?utm_source=feedburner&utm_medium=email&utm_campaign=Feed%3A+leoaffairs+%28LEOAFFAIRS.COM%29), from leoaffairs.com. There is nothing else necessary to say.

**13. CELEBRITIES WHO DIED WITHOUT A WILL:** While it is estimated that anywhere from 50% to 65% of adult Americans have not taken the time to make a Last Will and Testament, it is even more surprising to learn that quite a few celebrities failed to make a will according to aboutmoney.com. Among them:

- **Abraham Lincoln.** As a lawyer and the sixteenth president of the United States, many will be surprised to learn that Abraham Lincoln did not make a will before he died. A little more than two years after his assassination in 1865, Mr. Lincoln's intestate estate, valued at \$110,300 (at that time, this would equate to a few million in today's dollars) was equally divided three ways among his wife, Mary Todd Lincoln, and his two sons who were living at that time, Robert and Thomas.
- **Martin Luther King, Jr.** As a civil rights activist who faced death threats, it is surprising that Dr. Martin Luther King, Jr. did not make a will. And while Dr. King was assassinated in 1968, today his family is still fighting over control of his estate. It was only a few years ago that the King children were at odds about how the corporation that had been set up to oversee the estate was being run. More recently they have started a battle over his Nobel Peace Prize medal and personal traveling Bible - his daughter wants to keep them and his sons want to sell them.
- **Jimi Hendrix.** A perennial top earning dead celebrity, singer/songwriter Jimi Hendrix died in 1970 at the young age of

32. Without a will, Mr. Hendrix's estate ended up in the hands of his father, Al Hendrix, after a battle with two children the singer/songwriter allegedly fathered out of wedlock. Sadly, after Al Hendrix died in 2002, his other children fought over the rights to their famous brother's estate due to allegations that Al Hendrix was unduly influenced to change his will to disinherit Jimi's brother, Leon.

- **Howard Hughes.** Shortly after eccentric billionaire Howard Hughes died in 1976, a handwritten will surfaced that was being held by an official of the Church of Jesus Christ of Latter-day Saints in Salt Lake City. Dubbed the "Mormon Will," it left \$1.56 billion to several charities; nearly \$470 million to executives of Hughes' companies and his aides; \$156 million to Hughes' first cousin, William Lummis; \$156 million split equally between his two ex-wives, Ella Rice and Jean Peters; and \$156 million to a gas-station owner named Melvin Dummar. Dummar claimed that he had met Hughes at his gas station in 1967 and had driven the billionaire to Las Vegas. A few days later a mysterious man appeared at the gas station and gave a document to Dummar for safekeeping, which turned out to be Mr. Hughes' will which Dummar then gave to the church official. A trial was held in Las Vegas in 1978 in which a jury determined that the Mormon Will was a forgery, so in the end 22 intestate heirs inherited Mr. Hughes' massive estate.
- **Bob Marley.** While it may seem surprising that singer/songwriter Bob Marley, who was diagnosed with cancer in the summer of

1977 and died four years later at the young age of 36, did not have a will, apparently his religious beliefs prevented him from making one. That led to an interesting fight over the rights to his estate among his widow, Rita, and some thirteen children, but not before Mr. Marley's lawyer and accountant convinced Rita to forge some documents after the singer/songwriter's death that would give control of the entire estate to her. Mr. Marley has been a top earning dead celebrity for many years, earning \$20 million between 2013 and 2014 alone. And as recently as 2011, the Marley estate was in a court battle with Mr. Marley's half-brother.

- **Kurt Cobain.** The frontman for Seattle grunge band Nirvana, Kurt Cobain, died of a self-inflicted gunshot wound in 1994. He was only 27. But while the singer/songwriter left behind a detailed suicide note, he failed to leave a will. Cobain was survived by his wife, Courtney Love, and a young daughter, Frances Bean Cobain. Apparently a trust known as the NMWH Trust was established for the benefit of Frances Bean, and although Love was not in charge of the trust, she was given trust accountings. In 2009 Love lost custody of Frances Bean, then 17, and in 2010 the rights to Kurt Cobain's name, likeness and appearance were taken from Love and given to Frances Bean.
- **Steve McNair.** Steve McNair, who became famous as an NFL quarterback for the Tennessee Titans and Baltimore Ravens, was murdered by a girlfriend in 2009. He was only 36. Mr. McNair left behind a \$20 million estate, a wife and four children, but no will. It may surprise some to learn that under Tennessee's intestacy laws,

McNair's wife, Jonula Mechelle McNair, only received a portion of the estate, with the balance going to the two children she had with her husband as well as two other children McNair had out of wedlock; McNair's mother, Lucille, received nothing. While we will never know what Mr. McNair would have really wanted to happen to his estate had he taken the time to make a will, it is doubtful that he would have wanted his mother to lose the home he bought for her. In addition, he could have made a plan that would have minimized or totally avoided \$3.7 million in federal estate taxes and Tennessee estate taxes.

- **Amy Winehouse.** British singer/songwriter Amy Winehouse died in 2011 as the result of accidental alcohol poisoning at the young age of 27. Although initially it was reported that she had left a will, in the end British court records revealed that the singer's \$4.66 million estate went to her parents, Mitch Winehouse and Janis Winehouse. In the years following Ms. Winehouse's death her parents have established The Amy Winehouse Foundation. According to the foundation's U.S. website, "The Amy Winehouse Foundation USA's mission is supporting and empowering children in need through music therapy and music education and works to prevent the effects of drug and alcohol misuse on young people."
- **Prince.** The singer-songwriter passed away in April 2016 after a career that spanned five decades and saw him nab seven Grammy Awards. By some reports, he had assets totaling \$300 million at the time of his death. But according to a court filing by his sister, Prince did not draw up a will before his death, leaving the fate of

his estate up in the air.

The one big lesson that can be learned from these intestate celebrity estates is that without a will, a big old mess will be left behind. And in many cases, these messes can take years to be sorted out after thousands of dollars are spent in attorneys' fees. But most importantly, these celebrity estates show that intestacy laws will dictate who gets what, as opposed to what the person would have chosen had he or she taken the time to make a will.

**14. EMPLOYEE OR INDEPENDENT CONTRACTOR?:** Internal Revenue Service, Federal, State & Local Governments, is presenting a free webcast about TE/GE Worker Classification, Employee or Independent Contractor? It will be held on May 12, 2016, 2:00 p.m. (Eastern). To register for this event:

<https://www.webcaster4.com/Webcast/Page/925/14635>. Learn about:

- Why this matters
- How to recognize Control Factors
- Benefits of Voluntary Compliance
- How the Form SS-8 can help

Unfortunately there will be no continuing education credit for this event, but what do you expect for free?

**15. 37TH ANNUAL POLICE OFFICERS' AND FIREFIGHTERS' PENSION TRUSTEES' SCHOOL:** The 37th Annual Police Officers' &

Firefighters' Pension Trustees' School will take place on May 16-18, 2016. You may access information and updates about the Conference, including area maps, a copy of the program when completed and links to register at the Residence Inn Tallahassee Universities at the Capitol. Please continue to check the FRS website for updates regarding the program at [www.myflorida.com/frs/mpf](http://www.myflorida.com/frs/mpf). All police officer, firefighter and general employee plan participants, board of trustee members, plan sponsors and anyone interested in the administration and operation of the Chapters 112, 175 and 185 pension plans should take advantage of this unique, insightful and informative program.

**16. GOLDEN OLDIE HITS RENAMED:** Some of the pop stars of yesteryear are revising their hits with new lyrics to accommodate aging Baby Boomers. They include: Herman's Hermits -- Mrs. Brown, You've Got a Lovely Walker

**17. SO YOU THINK YOU KNOW EVERYTHING:** Cats have over one hundred vocal sounds. Dogs only have about 10.

**18. TODAY IN HISTORY:** In 1956, last French troop leaves Vietnam.

**19. 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.

**20. 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>.

**21. REMEMBER, YOU CAN NEVER OUTLIVE YOUR DEFINED RETIREMENT BENEFIT.**