



CYPEN & CYPEN
NEWSLETTER
for
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Never Forget September 11, 2001
and
Always Remember May 2, 2011

1. JUDGMENT INTEREST RATES FALL SLIGHTLY: Section 55.03(1), Florida Statutes, requires the Chief Financial Officer to set the rate of interest payable on judgments and decrees on December 1, March 1, June 1 and September 1 of each year for the following applicable quarter. Sections 215.422(3)(b), 337.141(3) and 687.01, Florida Statutes, require the use of this rate for the payment of interest

for late payments to vendors; for late payments on construction or maintenance contracts administered by the Department of Transportation; and for cases where a rate of interest is not specified in a contract. Thus, on January 1, 2017, the rate per annum for the period ending March 31, 2017 will rise to 4.97% from 4.91%. Expressed as a daily rate, the new rate is .01361644%.

2. IN 2017 MINIMUM WAGES WILL RISE IN FLORIDA, TWENTY-TWO STATES, PLUS DISTRICT OF COLUMBIA: Tens of millions of Americans will receive higher pay this year despite selection of a new Secretary of Labor who is on record as opposing prior federal minimum wage acts. In Florida, the minimum wage will go from \$8.05 an hour to \$8.10 an hour. The federal minimum wage has stayed constant at \$7.25 since 2009.

3. WHAT YOU NEED TO KNOW ABOUT INHERITED IRAs: Since first developed more than 40 years ago, individual retirement accounts have become a popular retirement savings vehicle for generations of investors. As time marches on, a new generation of IRA investors is emerging -- one that has inherited, or will inherit an IRA from a parent, spouse or other person. Financial Industry Regulatory Authority has issued an investor alert to inform brokerage account holders, family members and other beneficiaries about inherited IRAs. The alert also provides tips for making the IRA inheritance process as efficient and trouble-free as possible. Areas discussed are where to begin; key factors on distributions; when a

spouse inherits; when a non-spouse inherits; multiple beneficiaries, properly title the IRA account; working with a brokerage firm; and tips for heirs/beneficiaries. Read this entire important alert at:

<http://www.finra.org/investors/alerts/inherited-iras-what-you-need-know>.

4. WHAT YOU SHOULD KNOW ABOUT 457 PLANS: Typically offered to employees of state and local governments, 457 plans resemble private-sector 401(k) plans in many respects, but there are some key differences -- both good and bad. According to chicagotribune.com, as with 401(k) plans, participants in 457 plans have pretax contributions deducted from their paychecks. The contribution limits are the same as they are for 401(k) plans. In 2017, workers can contribute up to \$18,000 (\$24,000 if they are 50 or older). More than half of large 457 plans allow participants to borrow from their accounts. Unlike the majority of large company 401(k) plans, however, most 457 plans do not match employee contributions. Public sector employees are more likely to receive a traditional pension than private sector workers. Those two factors may explain why only about 55% of public sector employees with access to a 457 plan contribute to it. But even if you are confident you will receive a pension, you might still want to fund a 457 plan because it offers important benefits that could pay for health care and other big expenses in retirement. First, you can withdraw funds from a 457 plan at any time without paying a 10-percent penalty, although you will still have to pay income taxes on withdrawals. (Generally, participants in 401(k) plans must

wait until age 55 to take penalty-free withdrawals, assuming they have left their job, and IRA owners must wait until they are 59 1/2.) To take advantage of this feature, avoid rolling your plan into an IRA when you leave your job. A 457 plan also offers a way to soup up your savings during the final years of your public service career. Instead of making catch-up contributions, workers who are within three years of their normal retirement age can double the \$18,000 maximum contribution for three years, as long as they have not maxed out on contributions in the past. Three years of \$36,000 contributions would allow you to shovel up to \$108,000 into your plan. And although 457 plans are not covered by the Employee Retirement Income Security Act, which requires plan sponsors to act in the best interests of participants, most 457 plans follow ERISA guidelines.

5. CORPORATE PENSION PLAN FUNDING LEVELS FLAT-LINE IN

2016: The stock market may have soared after the news that Donald Trump won the White House and plans to cut taxes and regulations, but the pension funded status of the nation's largest corporate plan sponsors remains stuck at 80%. This figure is roughly unchanged for 2014 and 2015 when the status rates were 81%, according to a recent analysis conducted by Willis Towers Watson. The analysis of 410 Fortune 1000 companies that sponsor U.S. defined benefit pension plans, found that the pension deficit is projected to have increased \$17 billion to \$325 billion at the end of 2016, compared to a \$308 billion deficit at the end of 2015. Fortune 1000 companies contributed \$35 billion to their pension plans in 2016. This was an increase

compared to the \$31 billion employers contributed to their plans in 2015 but still beneath the contribution levels from previous years. Employer contributions have been declining steadily for the last several years partly due to legislated funding relief. Despite these dips, total pension obligations increased from \$1.61 trillion to \$1.64 trillion. Why are U.S. companies slow to fund their own pension plans, especially when in 2006 and 2007 the self-funded levels were 99% and 106% respectively? In prior years, plan sponsors put lots of extra contributions into the plans to help pay off the deficit, and investment returns have been up and the equities the plans have invested in have helped with that we have not been able to move this up above 80%. That said, many American corporations are sitting on significant amounts of cash but appear not to be putting money into their retirement plans. We have seen companies contributing more to the plans in the past, but each plan is different and each corporation has their own situation. Either a company is cash rich or it is not.

6. FLORIDA DRIVERS WILL SEE INCREASE OF LESS THAN A PENNY PER MILE GAS TAX; OTHER STATES VARY WIDELY:

Marketwatch.com, points out that price-conscious drivers in a handful of states might wish they had taken the opportunity to fill their gas tanks before January 1, 2017. Gas prices increased in seven states, effective New Year's Day. Drivers in Pennsylvania will face the biggest -- almost 8 cents a gallon. Pennsylvania already has the nation's highest state gas tax, 58 cents per gallon. In Michigan, drivers will face the second-highest rate increase in the country, as

the gas tax jumps by 7.3 cents, to 37.8 cents per gallon. Florida, Georgia, North Carolina, and Indiana will all see hikes of less than a penny per gallon. After the increases, Florida's gas tax per gallon will be 36.7 cents.

7. TOP EXECUTIVES RECEIVE BONUSES DESPITE LUKEWARM

PERFORMANCE: Society for Human Resource Management reports that, despite lackluster progress for the U.S. economy overall, a strong third quarter helped boost annual variable pay incentive bonuses for U.S. corporate executives. Payouts typically are made near the start of the new year based on the previous year's performance. A poll, conducted in December, found that:

- More than one-third of the companies polled (36%) expect to pay annual bonuses that exceed 110% of target.
- Roughly the same number (35%) anticipate paying bonuses at 90% of target or below.
- The remainder (29%) expect to pay annual incentives close to target.

Pollsters were somewhat surprised that so many companies expected to pay bonuses well above target for 2016 performance, given the relatively tepid growth in revenue and earnings in many industries. While the stock market, and thus shareholder returns, surged late in the year, the underlying corporate financial performance for much of 2016 was mediocre overall, which might have suggested a continuation of the downward trend in bonus payouts seen in 2015.

But without question, third quarter financial results improved, so strength of the fourth quarter could alter the balance. One other factoid: nearly half of the respondents (47%) said the impact of mandatory but nonbinding say-on-pay shareholder voting has been very positive or generally positive. Only one-in-10 said the voting, required by the Dodd-Frank Act, has had a negative impact, and just 4% favor repealing the say-on-pay measure.

8. NEW FLORIDA HOUSE SPEAKER WANTS CRACKDOWN ON LOBBYISTS: The *Daily Business Review* reports Florida's next House speaker wants to put in place a long list of rules to crack down on lobbyists, saying he is trying to battle back perceptions of corruption and influence-peddling. Representative Richard Corcoran, a Land O' Lakes Republican set to become speaker this month, released proposed rules that include a ban on lobbyists using e-mails or text messages to reach out to legislators when they are about to vote in committee meetings or on the House floor. The rules prohibit legislators from traveling on lobbyist-owned planes, which is allowed now if they pay the same rate it would cost to fly on a commercial jet. Lobbyists will be required to disclose electronically more information about their activities, including bills or amendments they are trying to kill or pass. Corcoran also wants to make it harder for legislators to add new spending items to the state budget for hometown projects, a ritual that usually occurs in the waning days of the session. The new process will force legislators to file stand-alone bills that include the request. He also wants to ban legislators from lobbying local

governments when they are not in session. "It is time that government embodies the very highest of standards and serve citizens and not self," said Corcoran, an attorney who was once a top aide to U.S. Senator Marco Rubio when Rubio was speaker. "The Florida House will set the standard for others to emulate. And those who cannot live up to the highest ethical and professional standards will find the Florida House a difficult place to work or visit." As Florida has grown into the third-largest state, the lobbying industry in the Capitol has also flourished. Disclosures have shown that private firms pull in more than \$100 million a year lobbying the Legislature and the executive branch. The new rules constitute some of the most significant changes to lobbying in Tallahassee since the state adopted a ban on all gifts from lobbyists to legislators a decade ago. They also appear to be some of the most stringent rules in the country. It is not clear if the Florida Senate will emulate some of Corcoran's proposals, meaning that lobbyists could be working with two different sets of standards next year. Katie Betta, a spokeswoman for incoming Senate President Joe Negron, said the Senate is working on its rules that will be presented to senators later this month. Rumors about the pending proposals had already prompted grumbling among some lobbyists, especially the requirement to register on each individual bill. Brian Ballard, one of Tallahassee's top lobbyists and well-known GOP fundraiser, said that lobbyists would do what is required of them. "Every speaker and every new Legislature has their own prerogative and it's our job to make it work," Ballard said. "Lobbyists are very adaptive creatures, we will find out how to work within the rules."

9. DAYTONA BEACH OFFICIAL RESIGNS AFTER ARREST IN PROSTITUTION STING:

The Daytona Beach deputy city manager has resigned after being caught up in a prostitution sting according to the orlandosentinel.com. Gary Shimun, 60, submitted his resignation two days after showing up at a hotel in Daytona Beach Shores expecting to have sex with a 22-year-old college student for money, according to charging documents released by the Volusia County State Attorney's Office. An undercover female deputy sheriff placed an ad on Backpage.com pretending to be a student looking for a "discreet upscale gentleman." The ad stated that the woman wanted to make extra money and was offering "Christmas specials." According to court documents, Shimun and the woman texted and discussed what he wanted and how much he would pay. He met the woman in her room that afternoon but left quickly because he became suspicious when she insisted that he place cash on a table so she could make sure it was the agreed-upon sum. One of the prices discussed was \$100 per half hour. Volusia County deputy sheriffs stopped Shimun's truck after he drove away, but he would not speak to them and they did not arrest him. The State Attorney's Office decided to prosecute after an investigation into Shimun's text messages. Shimun was charged with offering to commit prostitution, a second-degree misdemeanor. Shimun began working for the city in September, 2014. He previously was city administrative officer in Plantation, town administrator in Davie, assistant city manager in Pembroke Pines and city manager in Hannibal, Mo.

10. SENIOR THOUGHTS: I just did a week's worth of cardio after walking into a spider web.

11. PONDERISMS: Can you cry under water?

12. TODAY IN HISTORY: In 1949, Harry S Truman, labels his administration the "Fair Deal."

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.

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