



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

1. EMPLOYEE BENEFITS IN THE UNITED STATES NEWS

RELEASE TEXT: The Bureau of Labor Statistics reports that Retirement and medical care benefits were available to 70 percent of civilian workers in March 2017, the U.S. Bureau of Labor Statistics reported. Ninety-four percent of union workers had access to employer-sponsored retirement and medical care benefits. For

nonunion workers, 66 percent had access to retirement benefits and 67 percent to medical care benefits. For civilian workers, the shares employers paid of medical care premium costs were 80 percent for single coverage and 68 percent for family coverage. The employee and employer shares of premiums also varied by bargaining status. Employers assumed 87 percent of the premium for single coverage for union workers and 79 percent for nonunion workers. For family coverage, union workers had 80 percent of the premium paid for by employers, whereas nonunion workers had 65 percent of the premium paid by employers. Fifty-nine percent of civilian workers had access to life insurance. Among union workers, 86 percent had access to life insurance benefits and for nonunion workers the rate was 55 percent. Work schedule also had an effect on availability of this workplace benefit. Seventy-five percent of full-time workers had access to life insurance, and 13 percent of part-time workers had access.

2. WHAT TO KNOW ABOUT THE END OF THE IRS

DETERMINATION LETTER PROGRAM: The EBN reports that The IRS is limiting its determination letter program for tax-qualified individually designed plans, which affects how and when plan sponsors can request documentation. *Employee Benefit News* discusses changes to the program and how plan sponsors can prepare for the disruption. The determination letter program has been ongoing for years; it is a program by which plan sponsors can apply to the IRS for a determination that their plan, their retirement plan, whether it be a 401(k), a pension or a cash-balance plan, and it is if

company trust are qualified under the tax code, allowing the employer to deduct contributions, and therefore the income of the trust is shielded from income tax moving forward. In 2016, the IRS announced that it was ending the program due to budget concerns and basically a lack of resources it could dedicate to the program. It came as a little bit of a surprise to people because while IRS determination letters are not required for plans. The IRS will continue to give determination letters to plans when they start, so if you start a new plan, you get a determination letter. If you terminate a plan, you can get a determination letter. Another thing the IRS has said it is contemplating doing is that it may give plan sponsors more model amendments to adopt and also allow plans to incorporate various requirements into their plan by reference to the tax code. How will this disrupt those employers? The IRS now is giving determination letters that do not have expiration dates. If you were lucky enough to apply for a letter before Jan. 31, 2017, you might be getting a letter right now. Those letters are not going to have expiration dates. Also the circumstances, there have not been many legally required amendments to plans over the last couple of years. Therefore the letters that we have right now, which are a couple years old, are still good.

3. BLACK WOMEN'S 'EQUAL PAY DAY' REMINDS US HOW PERSISTENT THE WAGE GAP IS: Thinkprogress.org reports that July 31, was Black Women's Equal Pay Day, the day that marks when black women were paid the same wages as their white male peers

were paid last year. Black women are paid only 67 cents on the dollar relative to non-Hispanic white men, according to analysis from the Economic Policy Institute. Black women could lose \$840,040 over a 40-year career compared to non-Hispanic white men, according to the National Women's Law Center, and in some states, that wage gap could lead to a loss over \$1 million. According to EPI, the wage gap for black women has only grown worse, and black women are working more hours. Looking at the lowest wage workers, the annual hours black women work grew 30.5 percent between 1979 and 2015 compared to a 3.2 percent increase for white men. Several politicians and female celebrities, including Serena Williams, Tracee Ellis Ross, and Rep. Yvette Clarke, brought attention to the pay gap. The wage gap persists at all levels of education and in all occupations. Black women with advanced degrees still make \$7 an hour less than white men who only have a bachelor's degree and white male physicians and surgeons earn \$18 per hour more than black female physicians and surgeons. There are also significant state differences in the wage gap. Maine, Mississippi, Alabama, Nebraska, South Carolina, District of Columbia, Virginia, Rhode Island, Connecticut and Missouri all had earnings ratios between white men and black women ranging from 59.7 percent to 55.2 percent. But Louisiana paid black women the worst in comparison to white men, at 46 percent. Black women's median annual earnings tended to be lowest in southern states. A 2016 Institute for Women's Policy Research report shows why racial and ethnic differences in the pay gap tell us much more than simply looking at the pay gap by gender. The report found that the median

weekly earnings for black women were \$641 across occupations compared to \$815 for white women and \$1,025 for white men. Black men and Hispanic men made less than white women, at \$718 and \$633 respectively. Asian men and women had the highest median weekly earnings. It would take a very long time for black women to reach pay equity with white men, according to the Institute for Women's Policy Research. Black women would have to wait until 2124 for equal pay if wages continue to change at this slow pace. But policy experts do have suggestions for how to mitigate the wage gap. Black women are subject to racial and gender biases in higher education, in the labor force, and in housing. Studies have found racial bias in how police use force on black men and women, and too often, police fail to help black women who are victims of crime. In a 96-page report released this year, "The Status of Black Women in the U.S.," the National Domestic Workers Alliance (NDWA) and Institute for Women's Policy Research (IWPR) recommended several approaches to improving the financial health and wellbeing of black women. The recommendations included: pursuing criminal justice reform, expanding Medicaid, providing more support to and recruitment of black female political candidates and raising the minimum wage. The EPI analysis of the wage gap recommends raising the federal minimum wage to \$15 by 2024.

4. HERE IS HOW MUCH YOU SHOULD HAVE SAVED FOR RETIREMENT AT EVERY AGE: Let's face it: Saving money is hard, reports *The Motley Fool*. When you are young, you tell yourself you

will start saving once you start earning more. Then when that happens, you may have a mortgage, or kids, or other expenses that make it harder to save. Then all of the sudden, you are ready to retire, and you have little to no money in your retirement fund. If that sounds like you, you are not alone. According to a study by the Economic Policy Institute (EPI), the median amount saved by working-age families (defined by the EPI as those aged 32 to 61) is just \$5,000. Even for people nearing retirement age (56 to 61 years old), the median savings is a mere \$17,000. First of all, it is important to note that there is no single savings number that everyone should strive for. In addition, the amount of savings you all need in retirement will depend on a variety of factors, such as the age at which you plan to retire, the kind of lifestyle you want to lead, and how long you expect to live (not a cheery thought, but an important one). That said, a recent report by Fidelity lays out a simple path to a financially secure retirement, complete with savings targets you will need to reach along the way. For example, assuming you will retire at age 67 and need income until age 92. Also assuming that your savings will provide 45% of your annual pre-retirement income and that between those savings and your Social Security benefits, you will be able to maintain your current lifestyle. Finally, assuming that more than 50% of your retirement portfolio will be invested in stocks, which have historically returned about 7% per year, though future performance will vary. Bearing in mind that your retirement plan should be tailored to your financial situation and your goals. **By age 30:** Although it is tough to start saving in your 20s, it is crucial, because it allows you to take

advantage of compound interest. At this age, you are probably just starting your career and opening a 401(k) or IRA, and you need to start using them immediately. By the time you reach your 30s, you should try to have the equivalent of your annual salary saved for retirement. So if you earn \$45,000 per year, that is how much you should have saved. That money can come from different places, too, and it includes any matching employer contributions, the interest you have earned in savings accounts, or whatever extra cash you have saved here and there. You can reach this goal by saving around 15% of your annual income each year. Say, for instance, you started saving at age 22 with a salary of \$35,000 per year, increasing your savings by 3% each year (which is considered the average raise at U.S. companies) until age 30. So if you save 15% of your annual salary every year and receive a 3% raise each year, you will actually come out quite a bit ahead of your goal of saving the equivalent of your salary. However, life is not usually that predictable. Emergencies, job losses, and salary cuts happen, and sometimes you just cannot scrape together 15% of your income to save. This savings goal leaves you some wiggle room in case life throws you a curveball. **By age 40:** At this stage of your life, you should start kicking your savings into high gear. Both men and women reach their peak earning years around this time (with women peaking at age 39 and men at 48, on average), so take advantage of your increasing salary by saving as much as you can. At this stage, you should have around three times your annual salary saved. Keep in mind that because your salary is likely increasing as you age, you should be saving more, too. And as

your retirement fund grows, you will start to see more of the benefits of compound interest taking effect. **By age 50:** Similar to your 40s, your 50s are a time to save heavily and put as much as you can toward your retirement fund. By age 50, you should have about six times your annual salary saved. This may sound like a crazy high number, but remember that you have compound interest on your side. So if you have saved, say, \$200,000, and you are earning a 7% annual return on your investments, that is \$14,000 you are earning per year even without contributing extra money of your own. **By age 60:** At this point, saving for retirement is serious business. You are getting closer to retirement age, and you should have a good idea by now if what you have will be enough to last you through the next few decades. By age 60, you should have about eight times your annual salary saved. Again, this sounds like a lot, but if you have been diligent about saving up to this point, compound interest should be doing a lot of the work for you. It is also important at this stage not to let your guard down. While you can (and should!) pat yourself on the back for getting this far in the retirement game, you should also continue to save aggressively until the day you retire. Finally, keep in mind that these are only guidelines. Everyone is different in regards to how much they will need during retirement, and not everyone saves money in the same way. What works for one person may not work for another. But by using this guide as a rough estimate, you can get a better idea of how much you will need when you retire and how close you are to meeting those goals.

5. NAKED IN THE CITY (PART 1): *Tampabay.com* reports that California-based social media model was arrested on charges she hit a police officer and resisted arrest, all while nude and roaming the a hotel last week. Brissa Dominguez-Garcia, 25, should not have even been at the waterfront hotel. When she was asked to leave, she refused. When police tried to hand her a towel to cover up, she used it "in a whipping motion" to strike an officer in the face. Then, she started kicking, even throwing a "mule kick" to strike the officer trying to calm her down. Dominguez-Garcia has more than 74,000 followers on social media, where she posts a mix of professional photos and selfies. At the same time that night, police were responding to a man who was walking around the hotel drunk and naked. It is unclear if the two incidents were related. (Ha!)

6. NAKED IN THE CITY (PART TWO): Law enforcement officers in Wisconsin fatally shot a naked carjacking suspect after authorities say the gun-wielding man tried to enter a restaurant following a chase. The incident began when a witness said the man took off his clothes and carjacked a vehicle at gunpoint. The carjacking victim was not hurt. The naked man left in the stolen vehicle. At one point authorities placed stop sticks on the highway and deflated the vehicle's tires, but the man kept driving and waved his handgun out the window at officers. The suspect, whose name was not immediately released, a fast food restaurant, where he ran towards the restaurant with the gun. The man ignored orders to stop and was shot. The subject officers were placed on paid administrative leave. The shooting and

the carjacking remain under investigation, reports *The Associated Press*.

7. NEW OFFICE ADDRESS: Please note that Cypen & Cypen has a new office address: Cypen & Cypen, 975 Arthur Godfrey Road, Suite 500, Miami Beach, Florida 33140. All other contact information remains the same.

8. CRAZY STATE LAWS: *Good Housekeeping* reminds us that there are crazy laws in every state. In New Jersey bullet-proof vests are banned while committing a crime. As amended in 1999, it is illegal in the Garden State to wear a bullet-proof vest while you are breaking other laws simultaneously. Every criminal is likely to be wearing a vest, but it is double the violation if caught.

9. CYNICAL THINKING: I find it ironic that the colors red, white, and blue stand for freedom until they are flashing behind you.

10. PONDERISMS: If money does not grow on trees, then why do banks have branches?

11. FUNNY TOMBSTONE SAYINGS: Some tombstones are clever and could make you die from laughter. For example, one tombstone reads: Follow my blog at UndergroundChat.com.

12. TODAY IN HISTORY: On this day in 2004 in New York, the

Statue of Liberty re-opened to the public. The site had been closed since the terrorist attacks on the U.S. on September 11, 2001.

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.