



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

1. THE DISAPPEARANCE OF U.S. DEFINED BENEFIT PLANS?

NOT SO FAST: Aon reports that while the decreased prevalence of corporate pension plans has dominated headlines over the past decade, just 6 percent of U.S. corporate pension obligations have actually been settled since 2012. While the number of closed and

frozen defined benefit plans continues to increase, plan sponsors still have an obligation to fund these plans, which means they are far from being eliminated altogether. Pension risk transfer is a trillion dollar market, and much more will be settled in coming years as corporate finance and insurance market environments allow. There is only so much bandwidth in both, but plan sponsor interest and market capacity continue to grow. Aon's report, covering 100 U.S. plan sponsors totaling nearly 4 million participants and \$400 billion in assets, found that the majority of plan sponsors are continuing to look at settlement strategies opportunistically to shrink the size of their pension plans: 43 percent have implemented a lump-sum offer to former employees and 39 percent say they are somewhat or very likely to implement this approach in the next 12 to 24 months. While just 8 percent have implemented an insured annuity buyout to date, the number of plan sponsors adopting this strategy could at least double within the next 12 to 24 months. PBGC premiums are becoming a material drag on pension asset growth for underfunded plans. There are situations where expected PBGC premiums owed on behalf of some participants are even greater than the value of their expected benefits. Targeted annuity buyouts are capturing the interest of plan sponsors because these solutions can transfer higher-cost obligations to an insurer, where those benefits can be provided much more economically. According to Aon research, pension funded status has remained relatively flat over the past five years—around 80 percent—as interest rate declines and mortality improvements have offset strong equity markets. Nonetheless, Aon continues to see a

surge in corporate pension contributions. In addition to significantly increased usage of corporate debt, contributions are being financed by a number of other sources, with the predominant sources being operating cash flow (75 percent) and cash reserves (39 percent). There are many reasons that plan sponsors are looking to increase cash contributions, including increased PBGC premiums, the prospects for tax reform, growing impatience with continued pension deficits and the expiration of legislated funding relief.

2. DEFENDANT WHO HAS NEVER POSSESSED A DRIVER LICENSE MAY NOT BE CHARGED UNDER THE HABITUAL TRAFFIC OFFENDER STATUTE, AS HAVING A DRIVER LICENSE THAT HAS BEEN REVOKED UNDER THE HABITUAL TRAFFIC OFFENDER STATUTE IS A NECESSARY ELEMENT OF THE

OFFENSE: Miller was charged with violating section 322.34(5), Florida Statutes, which provides a third-degree felony penalty for “habitual traffic offenders” who drive with a driver license that has been revoked under section 322.264, Florida Statutes. Miller filed a sworn motion to dismiss, and argued that he had never possessed a Florida driver license and therefore could not be convicted pursuant to the statute. The trial court granted Miller’s motion, and reduced his charges to driving without a valid driver license. The State appealed. The Third District Court of Appeal affirmed the trial court’s order, aligning its decision with a decision of the First District Court of Appeal. The Third District concluded that possession of a Florida driver license is a prerequisite for a section 322.34(5) offense and,

certified conflict with the Second, Fourth and Fifth District Courts of Appeal. Resolving the conflict, the Florida Supreme Court agreed with the First and Third Districts that possession of a driver license is a prerequisite to a conviction pursuant to section 322.34(5). The Supreme Court held that the language of section 322.34(5), Florida Statutes, provides that an offender must have had his driver license revoked as a habitual traffic offender in order for the felony penalty to apply. The State cannot revoke a license that never existed. Consequently, a person cannot violate section 322.34(5) without ever having obtained a driver license. Simple as that. *State of Florida v. Miller*, 42 Fla. L. Weekly S831a (Fla. Sept 28, 2017).

3. CAN KNOWLEDGE EMPOWER WOMEN TO SAVE MORE FOR RETIREMENT?:

Retirement account balances are lower among women than men. A study assesses the role of financial knowledge and empowerment in contributing to the gender gap in savings. The authors evaluate the effects of financial education delivered to women in the workplace, using administrative data on 31,000 public sector workers in Wisconsin. All of these workers participated in a mandatory defined benefit pension plan, but 47 percent also participated in a deferred compensation savings instrument provided by their employer, with the median participant contributing 1.6 percent of earnings each month. In a triple-difference strategy, they compare the progression of gender gaps in savings over time at state agencies that implemented financial education with the group that did not. They estimate that a multi-media education effort increased participation in

retirement savings by 2.6 percentage points, closing the gender gap by more than half. This result is partially explained by pre-existing trends. The education program operated at low marginal cost and is likely to be portable to other contexts. The paper found that differences between men and women in financial knowledge and motivation contribute to gender gaps in retirement savings. Financial knowledge and motivation can be augmented by multimedia financial education. The policy implications of the findings are one tool for employers to increase savings is financial education. The main channel appears to be motivation of new participation in savings through repeated communication of key facts via multiple media and peer interaction. See the entire paper at crr.bc.edu/wp-content/uploads/2017/09/wp_2017-12.pdf.

4. EXTENDING A HELPING HAND WITH SOCIAL SECURITY: It has been said that the true measure of a society is found in how it treats its weakest and most helpless citizens. Social Security can pay monthly benefits to disabled homeless people who have accumulated enough credits from work to qualify. They can apply online at <https://www.ssa.gov/disabilityssi/>. Social Security can also pay benefits through the Supplemental Security Income (SSI) program, which is a needs-based program for disabled people who meet the financial guidelines, and who have not worked enough to qualify for Social Security disability benefits. At socialsecurity.gov/homelessness, there is also a link to local housing assistance and service providers who can help a homeless person file

an application for Social Security benefits. We also recognize that not all homeless people, or those at risk for homelessness, can manage their benefits on their own. That is why we work to identify them and connect them with a representative payee. A representative payee is a person, agency, or organization that can receive and manage the funds we pay for someone who receives benefits. If you are interested in helping the homeless through the representative payee program, please visit www.socialsecurity.gov/payee. Social Security is an active participant in the United States Interagency Council on Homelessness, whose mission is to coordinate the federal response to homelessness and create a national partnership at every level of government.

5. A BETTER APPROACH TO SMART CITIES: Govtech.com says that the intersection of smart lighting and smart grids is key to new services and more value. Technological changes have enabled municipalities to move closer to achieving true smart city status in recent years. These include the growth of cloud computing; the widespread use of mobile devices and apps; and the rise of IoT, which permits inexpensive sensors to track various information — from traffic patterns to air pollution. Smart outdoor lighting technology — which takes advantage of sensors to maximize energy efficiency — along with smart grid networks built to support the delivery of essential public services like gas, electricity and water are key components of any smart city. In particular, smart street lights are the gateway to a true smart city. These are the most logical locations for sensors,

enabling better access to power and the proximity to key roadways where many of the sensor measurements would ideally be taken. Also, their elevation allows for optimal radio frequency (RF) coverage. A fair amount of smart lighting activity already is underway. According to a report by Navigant Research, the installed base of global smart street lights is expected to grow from roughly 6.3 million in 2017 to nearly 73 million by 2026. But getting the most value from smart light poles and lighting deployments requires government leaders to think broadly and collaboratively. Unfortunately, many cities fail to partner with local utilities to leverage existing smart grid networks as part of a smart lighting/smart city solution. Often, the result is an overlay of competing and non-integrated networks that waste valuable municipal resources. With their existing smart grid networks, utilities could play a much bigger role in the creation of smart cities, but they will need to adopt new revenue models to make this a profitable endeavor for them. The city of Philadelphia provides a good example of how a city and utility can work together to leverage an existing smart grid network in this way. In 2016, PECO, Philadelphia's electric and natural gas utility, worked with Sensus, a North Carolina-based smart infrastructure company, to install energy-saving smart street lights to light the path along Independence Mall for the Democratic National Convention. The new lighting is managed by the Sensus VantagePoint™ Lighting Control Solution, which provides an environmentally friendly and cost-effective way to keep public areas safe and promote economic development. It uses a lighting control module, lighting software and the Sensus FlexNet® communication

network for greater control and automation of lights. The solution leveraged PECO's existing smart grid assets to provide intelligent lighting for the city that remains in place today. The street lights can be brightened, flashed or dimmed to support public safety for all city residents and visitors. Besides providing intelligent lighting control, the VantagePoint solution measures a wide range of physical and environmental factors, which helps utilities and public service providers conserve energy, improve asset management, reduce costs and increase public safety. The solution's intelligent lighting modules work for both LED and legacy area lights, which results in greater control and lower lighting maintenance costs without having to change an entire network to LED technology. The move toward smart cities is more of a journey than a destination. The individual components that make-up a smart city must become interconnected building blocks within the framework of a shared vision among municipal leaders. Smart lighting, a smart grid and a smart infrastructure are among the most critical components of a smart city.

6. WOMAN SENTENCED FOR BANKRUPTCY AND WIRE FRAUD

SCHEME: United States Attorney Josh Minkler announced the sentencing of an Indiana` woman for her role in an elaborate bankruptcy fraud scheme in which she stole thousands of dollars from her husband's retirement account. She was sentenced to 60 months imprisonment by U.S. District Judge Richard L. Young after pleading guilty to conspiracy to commit bankruptcy fraud, subornation of perjury, wire fraud and aggravated identity theft. Using the bankruptcy

system and government resources to further one's own selfish and fraudulent scheme will not be tolerated, said Minkler. If you intentionally waste the government's limited judicial resources, you can expect to spend time in federal prison. The woman filed a joint Chapter 13 petition in both her and her husband's name. This was done without her husband's consent, knowledge or authorization. During the course of the bankruptcy proceedings, she created several documents bearing the forged signature of her husband of over 25 years. She also provided her bankruptcy attorney with a letter from a doctor stating her husband was under his care and would be hospitalized for at least 30 days during which he could not see visitors or take phone calls. The doctor who purportedly signed the letter stated it was a forgery and that he had never provided services for her husband. She attended a meeting of creditors, which her husband was required to attend as well. Her brother attended the meeting with her and posed as her husband. Both stated under oath that that all schedules and documents filed in the bankruptcy proceedings were true and correct. Based on the representations made, a bankruptcy plan was confirmed requiring monthly payments to the trustee for 60 months. Pursuant to this plan, approximately \$74,000 was deducted from the direct deposit paychecks of her husband without his consent or knowledge. The woman was convicted of wire fraud stemming from her transferring money from her husband's 401(k) account into her own personal bank accounts without his consent, knowledge or authorization. She made multiple calls to the 401(k) service center purporting to be her husband while also faxing supporting

documentation to the service center for a 401(k) hardship withdrawal. In sum, she made multiple unauthorized withdrawals from her husband's 401(k) account for a total of over \$24,000. She also took out over \$16,000 in loans on her husband's 401(k) account without his consent, knowledge or authorization. She must pay \$112,354 in restitution and serve three years of supervised release following her sentence. Her brother was sentenced to two years of probation and \$10,000 in restitution for conspiracy to commit bankruptcy fraud and making false statements in bankruptcy court.

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 Pennsylvania you are breaking the law if you pay a psychic. Fortune tellers are not too psyched about this ban, enacted for religious and science-oriented reasons.

9. INSPIRATIONAL QUOTE: Life is about making an impact not making an income.--by Kevin Kruse.

10. PONDERISMS: Men are from earth. Women are from earth. Deal with it.

11. FUNNY TOMBSTONE SAYINGS: Some tombstones are clever and could make you die from laughter. One tombstone reads: Finally! A real vacation!

12. TODAY IN HISTORY: On this day in 1994, Vince Gill & Pam Tillis win the 28th Country Music Association Award.

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.