



**CYPEN & CYPEN**  
**NEWSLETTER**  
**for**  
**September 28, 2017**

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Never Forget September 11, 2001  
and  
Always Remember May 2, 2011

**1. WORKING WHILE RETIRED:** Retirement life is different for everyone, says the Social Security Administration. Social Security is here to secure today and tomorrow, whether one sails into the sunset or decide to continue working. Some of the rules allows one to receive Social Security retirement or survivor benefits and work at the same time, as long as one does not make more than Social Security's annual earnings limit. For 2017, that limit is \$16,920. If a person is

younger than full retirement age and make more than the yearly earnings limit, the Social Security benefits will be reduced. But starting with the month you reach full retirement age, the benefits will not be reduced, no matter how much you earn. The retirement planner explains the requirement and deductions, and what happens after reaching full retirement age. Two of the online tools can help one find the information needed to make the right decision. The Retirement Earnings Test Calculator can help you find out how much your benefits may be reduced if you are working and have not reached your full retirement age. There are several things to consider if planning to continue working after retirement. The website gives detailed information for the type of employment that you have. It also explains what types of pensions, annuities, and income do not count toward your earnings limits. Additional earnings after starting to collect benefits might increase one's monthly benefit. If there is an increase, Social Security will send a letter with the new benefit amount. If you think your earnings will be different than what you originally told us, let Social Security know right away.

**2. THE UPCOMING SUPREME COURT CASES THAT MATTER MOST TO STATES AND LOCALITIES:** Every summer, Lisa Soronen writes a short summary of upcoming U.S. Supreme Court cases for her clients -- state and local governments across the country, according to [www.governing.com](http://www.governing.com). Because the court often decides to take its most controversial cases after the October term begins, her early summaries rarely include high-profile cases that

garner broad public interest. This year is different. It is hard to get more interesting than partisan gerrymandering, the travel ban, religious liberty and sports gambling. The case on partisan gerrymandering could be explosive. Depending on how the court reaches its decision, we could see a significant, dynamic change in the makeup of state legislatures and Congress. With the addition of Justice Neil Gorsuch, the court has taken more controversial cases that it may have avoided after Justice Antonin Scalia's death last year left the court ideologically split in half 4-4. Beyond what is already on the docket for the 2017 term, the Supreme Court is likely to hear the biggest state and local government case in years. That case involves a dispute over South Dakota's law requiring online retailers to collect sales taxes. The South Dakota legislature passed the law hoping it would invite legal challenges, and it did. Ultimately, state lawmakers want the U.S. Supreme Court to reverse a 1992 decision that said states cannot require retailers with no in-state physical presence to collect sales taxes. At the time of the ruling, the internet was in its infancy. With the growth of online commerce in the past 25 years, some estimate that states now miss out on more than \$23 billion a year in potential online sales tax revenue. Both Justices Anthony Kennedy and Neil Gorsuch have openly questioned the 1992 decision. In a 2015 concurring opinion, Kennedy called it a case questionable even when decided, and welcomed legal challenges that might allow the court to re-examine the issue. There is speculation, though, that Kennedy may step down in 2018 before the midterm elections. That could hurt states' chances of reversing the 1992

decision and could impact the outcome of other cases. Besides the online sales tax dispute, keep an eye on the following six cases.

- **Will the Supreme Court strike down President Trump's travel ban?**

Trump issued a new travel ban, which prompted the Supreme Court to remove this case from the calendar and order both sides to file new briefs. In March, President Trump issued a revised executive order that banned travelers from six predominately Muslim countries from entering the United States for 90 days. The order also froze decisions on refugee applications for 120 days and capped total refugee admissions at 50,000 for fiscal year 2017. The plaintiffs in the case include the state of Hawaii, and more than a dozen other states -- mostly led by Democrats -- filed *amicus* briefs in support of the lawsuit. Part of what is at issue is the breadth of presidential power: Can courts review and block the executive branch from denying visas? Another question before the court is whether the order, which singled out predominantly Muslim countries, violates the Establishment Clause, a part of the First Amendment that prevents governments from giving priority treatment to one religion over another. (The original executive order in January gave priority to religious refugees who were in the minority in their country, which was, in effect, a policy benefiting Christians. The revised March order does not include the same language about religious minorities, but some court observers say the historical context reveals the real intent behind both travel bans).

- **Is there a constitutional limit to partisan gerrymandering**

Redistricting -- the drawing of electoral district maps -- happens every 10 years, and it is almost always controversial because it can affect the outcome of elections and thus the political landscape for years. The U.S. Supreme Court has ruled against racial gerrymandering repeatedly -- but never against partisan gerrymandering, in which the maps are drawn to give an unfair advantage to one party. The case before the court this year deals with the redistricting plan passed by Wisconsin's Republican-controlled legislature in 2011. The plaintiff, retired law professor William Whitford, argues that the plan violated the Fourteenth and First Amendments of the U.S. Constitution because it treats voters unequally, diluting their voting power based on their political beliefs and because it unreasonably burdens their First Amendment rights of association and free speech. The case will test whether the efficiency gap -- a measure used by political scientists -- is an objective method for states to determine when partisan gerrymandering violates voters' constitutional rights.

- **Can businesses refuse service to gay couples?**

In 2012, a Denver-area bakery refused to make a wedding cake for Charlie Craig and David Mullins, a gay couple. Craig and Mullins complained to the state that the bakery discriminated against them on the basis of their sexual orientation -- which is illegal under anti-discrimination laws in nearly half the states, including Colorado. But the bakery owner, Jack Phillips, is a devout Christian who contends

that he has a free-speech right not to make wedding cakes for gay couples because the cakes are an artistic expression of his beliefs, and he believes gay marriage is wrong. The case could settle heated debates across the country.

- **Can states permit and regulate sports betting?**

In 1992, Congress passed a law prohibiting state-sponsored sports gambling -- except in a handful of states that already allowed it. New Jersey was not one of those states, but it passed two laws that would pave the way for sports gambling in the state anyway. New Jersey Gov. Chris Christie argues that the 1992 law is unconstitutional and regulates an area that should be determined by states. Other states, including Mississippi, are eager to legalize sports betting, hoping to reap its economic benefits.

- **At what point can a state remove people from its voter rolls?**

Although Ohio is the state being sued in this case, 12 other states use a similar process for cleaning up their voter registration lists. The state identifies registered voters who have not voted in two consecutive federal elections and sends them a notice by mail. If they do not respond and do not vote in the next four years, the state cancels their registration. At issue is whether that process is legal. The challengers argue the state violated federal law, which explicitly prohibits states from purging registered voters because they have failed to vote. The Trump administration, however, says it is legal and filed a brief in

support of Ohio, reversing the Obama administration's stance in the case.

- **Can police arrest you for not believing your story?**

This case involves a party and a person named Peaches. Responding to a noise complaint, police officers in the District of Columbia found partiers in a vacant building and arrested them for trespassing. The partiers told police that they had been invited by a woman named Peaches, who had permission from the landlord to host the party. Peaches was not at the party, but when contacted by phone, she confirmed with police that she was in the process of renting the apartment and had given permission to the partygoers. The landlord, however, told police that he had not given permission for the party, and Peaches had not yet signed a lease. The question in this case is whether officers, when assessing probable cause to arrest, must believe a suspect's version of the story, even when circumstantial evidence conflicts with that account. There are tons of instances where people will give officers an explanation for why they should not be arrested, and it is a good explanation, but it may not be true or believable, giving the example of a guy telling police his girlfriend fell down the stairs when he actually pushed her.

### **3. HARVARD ENDOWMENT RETURNS 8.1% IN FISCAL YEAR;**

**CEO CALLS PERFORMANCE 'DISAPPOINTING':** Harvard

University's endowment posted an 8.1% return, and was valued at \$37.1 billion for the fiscal year ended June 30, said a report issued by

Harvard Management Co., which oversees the endowment for the Cambridge, Mass.-based university, reports *Pensions & Investments*. A benchmark return was not provided. Since taking over in December, a new CEO has undertaken a massive overhaul of the company, reorganizing — and massively reducing — its staff as part of a plan to change its investment strategy from a specialized or "silo" approach to a generalist investment model in which all members of the investment team take ownership of the entire portfolio. As a result, HMC has largely exited internal management of public markets assets as of June 30. It has also shut down its relative value and internally managed equity platforms. The credit platform has been repositioned and is currently executing its strategy internally, although the credit team is expected to leave HMC. In addition, the real estate platform responsible for direct investments is also expected to spin out. HMC plans to work with these teams that have either left or will leave as external managers.

**4. MORE THAN 50% OF AMERICANS ARE WORRIED ABOUT ONE RETIREMENT EXPENSE:** The *Motley Fool* reports that though most working Americans look forward to retirement with pleasant anticipation, saving for it can be a source of stress. Since Social Security alone will not sustain the average retiree in anything near the desired lifestyle, it is critical to prioritize long-term investing and set aside as much money as possible for the future during working years. Here is the challenge though: While a large percentage of workers *are* saving for the future, many have no idea how much they actually

needed to save, and a big reason for that boils down to healthcare. Whereas the costs of housing and other core expenses in retirement are somewhat predictable, healthcare is the one piece of the budgeting puzzle that is loaded with, and dictated by, a host of unknowns. It is no wonder, then, that 54% of workers say they are overwhelmed by the idea of healthcare costs and dealing with insurance in retirement, according to a report by Bank of America Merrill Lynch. If worries about how to pay for healthcare as a senior are keeping you up at night, here are a few ways to relieve some of that anxiety.

- **Read up on your costs** – There is no crystal ball that will let any individual predict how much healthcare will cost in retirement. But we can at least give you a ballpark figure: According to HealthView Services, the average healthy 65-year-old couple today will be hit by roughly \$400,000 in medical costs in retirement. Now this figure represents an average, and it applies to healthy couples. If you already have a known health issue that is likely to worsen over time, your costs could end up higher. But this estimate at least gives you a starting point for your calculations. Keep in mind, however, that the aforementioned \$400,000 does *not* include things like nursing home care or assisted living.
- **Save aggressively** - Since you can bet on healthcare costing you a bundle, the best way to reduce the associated stress is to save adequately. This means not only contributing to a

retirement account early on in your career, but also investing in stocks, which, historically, have delivered much higher average returns than safer investments. Now here is some good news: If you manage to score a decent average annual return on your investments, and you give yourself an expansive savings window, you do not need to set aside a ton of money each month for the future. Rather, you can consistently save a small portion of each paycheck, and let the power of compound growth work its magic.

- **Invest in long-term care insurance** – If long-term care insurance were free, or moderately cheap, more people would get it. But while you will need to lay out some money on those premiums, doing so will buy you some valuable peace of mind. Currently, the average nursing home stay costs \$225 per day. That is \$82,125 a year, assuming you are willing to bunk with a roommate. Assisted living facilities are not cheap either, though they are far less costly than nursing homes. You will still spend \$43,539 a year, on average, to reside in one. Long-term care insurance will help cover these monumental costs. An estimated 70% of seniors will require some type of long-term care in retirement, and the sooner you apply, the more likely you are to qualify for a health-based discount. Though it is natural to worry about how you will cover your healthcare costs in retirement, putting a solid plan in place long before the bills start coming in will help take some of the stress out of the equation. Then you can actually get back to looking forward to retirement, rather

than wondering how on earth you are ever going to afford it.

**5. 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.

**6. CRAZY STATE LAWS:** *Good Housekeeping* reminds us that there are crazy laws in every state. In Oregon it is illegal to go hunting in a cemetery. Most people bring flowers to a cemetery, but apparently some brought guns back in the day. This became illegal in the Beaver State after a hunter was charged with harvesting an animal on cemetery grounds.

**7. CYNICAL THINKING:** Denny's has a slogan, "If it's your birthday, the meal is on us." If you're in Denny's and it's your birthday, your life sucks!

**8. PONDERISMS:** Why do they put pictures of criminals up in the Post Office? What are we supposed to do, write to them? Why not just put their pictures on the postage stamps so the postmen can look for them while they deliver the mail?

**9. FUNNY TOMBSTONE SAYINGS:** Some tombstones are clever and could make you die from laughter. For example, one tombstone

reads: OK, joke's over. Let me out now!

**10. TODAY IN HISTORY:** On this day in 1528, Spanish fleet sinks in Florida hurricane; about 380 die.

**11. 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.

**12. 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>.

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