

Happy Thanksgiving



CYPEN & CYPEN

NEWSLETTER

for

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

1. PENSION? NOT FOR CORRUPT LAWMAKERS ANYMORE IN

NEW YORK: Starting next year, long-time lawmakers convicted of corruption in New York can no longer count on their pension.

Governing says that voters overwhelmingly approved a ballot measure that gives judges the right to trim or revoke the pensions of any public servant convicted of a job-related crime. The measure was largely driven by outrage over the corruption scandal that forced the resignation of New York Assembly Speaker Sheldon Silver and Senate Majority Leader Dean Skelos in 2015. Both long-time lawmakers put in for their substantial pensions just days after their convictions. (Both of their convictions were later overturned on a technicality.) The ballot measure, passed by 71 percent, with more than half of precincts reporting. New Yorkers have sent a strong message to lawmakers. Corrupt officials should no longer collect pension checks. We care about ethics in government. New York already has a law on the books that requires public servants to forfeit their pensions if they are convicted of a job-related crime. But like many states in the country, the law is filled with loopholes. Sponsored in 2011 by Skelos and passed nearly unanimously, the law exempts everyone who voted for it because it only applies to people who started their jobs in 2012. Ethics watchdogs generally backed the ballot measure. Still, it will not affect the 15 convicted ex-lawmakers in the state (excluding Silver and Skelos) who receive a combined \$600,000 annually in state pension payments. That is because, much like the 2011 law, the proposition only applies to anyone convicted of

a job-related crime occurring on or after Jan. 1, 2018. The so-called ex post fact clause in the U.S. Constitution also prohibits increasing the penalties for an infraction after it has been committed. In classic Albany fashion it is purported to act on those scandals and yet it is done in such a way that would have no effect on them. Most states allow for pensions to be revoked when a public official or employee is convicted of a job-related felony. But a total of 19 states have no pension forfeiture laws on the books.

2. BILL WOULD ALLOW PENSION FUNDS TO BORROW MONEY TO COVER LOSSES:

A Senator plans to introduce a bill that will guarantee that thousands of retirees in the state receive the pensions they were originally promised, reports www.daytondailynews.com/news, and he wants Congress to create a new federal office that would allow no fewer than seven pension funds in the state to borrow enough money to remain solvent and continue providing pensions for their retirees. The office, which would be called the Pension Rehabilitation Fund and be placed inside the U.S. Department of Treasury, would supervise the loans that would come from the sale of U.S. Treasury bonds from private investors. The bill could be attached to a larger spending bill expected to be passed at the end of the year by Congress. Thousands of retired Teamsters, miners, builders, and others across Ohio earn their pensions over a lifetime of hard work. Now those pension plans are underwater. It is bad enough that Wall Street squandered workers' money – and it is worse that the government that is supposed to look out for these folks

is trying to break the promise made to these workers. Most of those impacted are Teamsters covered by the Central States Fund, a multi-employer fund that serves trucking companies and covers 400,000 retirees across the country. Central States has warned it might have to cut pensions by an average of 22 percent for retirees because it has \$35 billion in liabilities and just \$17.8 billion in assets. But the bill also is aimed at propping up a number of other pension funds, including the United Mine Workers Pension Plan, the Ironworkers Local 17 Pension Plan, the Ohio Southwest Carpenters Pension Plan and the Bakers and Confectioners Pension Plan.

3. FLORIDA INSURANCE COMMISSIONER APPROVES 9.5

PERCENT CUT IN WORKERS' COMP RATES: The Florida Insurance Commissioner approved a 9.5 percent cut in Florida's workers' compensation insurance rates, as well as a 9.8 percent premium level decrease. The approval of National Council on Compensation Insurance's (NCCI) rate filing will translate into a decrease in workers' compensation rates for many Florida employers. The changes, which affect current and new policies, will go into effect January 1, 2018.

4. PBGC FISCAL YEAR 2017 ANNUAL REPORT

MULTIEMPLOYER PROGRAM DEFICIT WIDENS TO \$65.1B; SINGLE-EMPLOYER PROGRAM CONTINUES TO IMPROVE, DEFICIT NARROWS TO \$10.9B: The Pension Benefit Guaranty Corporation's Fiscal Year 2017 [Annual Report](#), shows that the deficit

in its insurance program for multiemployer plans rose to \$65.1 billion at the end of FY 2017, up from \$58.8 billion a year earlier. The increase was driven primarily by the ongoing financial decline of several large multiemployer plans that are expected to run out of money in the next decade. PBGC's Single-Employer Insurance Program continued to improve as the deficit dropped to \$10.9 billion at the end of FY 2017, compared to \$20.6 billion at the end of FY 2016. The primary drivers of the continued improvement include premium and investment income and increases in the interest factors used to measure the value of future liabilities. The PBGC is pleased that the financial condition of the Single-Employer Program is improving, consistent with its projections. Attention is focused on the dire financial condition of the Multiemployer Program. The PBGC is engaged with trustees of troubled plans to help them protect benefits and extend plan solvency. The PBGC will continue to work with the Administration, Congress, and the multiemployer plan community to create solutions so that PBGC's guarantee is one that workers and retirees can count on in the future. The longer the delay in making the changes needed to improve the solvency of the Multiemployer Program, the more disruptive and costly it will be for participants, plans and employers. PBGC's mission is to enhance retirement security by preserving pension plans and protecting participants' benefits. PBGC runs two separate pension insurance programs: single-employer and multiemployer. While each program is designed to protect participants' pension benefits when plans fail, they differ significantly in the level of benefits guaranteed, the insurable event

that triggers the guarantee and premiums paid by insured plans. By law, the two programs are financially separate. Assets of one program may not be used to pay obligations of the other. During FY 2017, the agency became responsible for 82 single-employer plans that terminated without enough money to provide all promised benefits. Those plans cover 23,000 current and future retirees. In addition, PBGC helped to protect over 26,700 people by taking action in Chapter 11 cases to encourage companies to keep their plans ongoing upon emerging from bankruptcy. PBGC also negotiated two agreements under its Early Warning Program that provided nearly \$600 million in financial protection for more than 240,000 people in plans put at greater risk by corporate transactions.

5. BEING ILL-PREPARED FOR RETIREMENT A STRESSOR FOR AMERICANS: Health care, retirement savings and student loans are the top causes of investors' financial anxiety, according to www.plansponsor.com. Among all investors, mounting health care expenses and bills (23.5%) and a lack of retirement savings (22.6%) are the two biggest contributors of financial anxiousness. For Millennials, student loan debt, credit cards and health care expenses all measured equally as causes for extreme amounts of financial stress. A lack of emergency savings and health care expenses are factors causing Millennial women to stress the most. Gen X women cite health care expenses and a lack of retirement savings to cause the most anxiety, followed closely by a lack of emergency savings. Women of both generations are primarily stressed about health care

expenses and that only increases, alongside a lack of retirement savings, the older women get. Being ill-prepared for retirement is another, if not the top, factor causing stress among all Americans, not just women. Millennials are confident in the U.S. stock market to provide a substantial return, but are extremely anxious about their personal debts and expenses, ranging from health care to credit cards to student debt. It is important for young investors to manage and pay-down those debts while simultaneously pursuing smart investment opportunities.

6. COMPASSIONATE ALLOWANCES FAST-TRACK HELP TO THOSE WHO NEED IT MOST: The Social Security Administration reports that it is committed to processing disability claims as quickly as possible in all cases, but the initial claims process typically takes three to four months. If you suffer from a serious medical condition that prevents you from working, time is of the essence when it comes to receiving a decision on your disability application. In some cases, Social Security Administration may be able to expedite the application process through the Compassionate Allowances program. Social Security uses Compassionate Allowances to identify people whose medical condition is so severe that they obviously meet our disability standards. Under the Social Security Act, Social Security considers you disabled if you cannot work due to a severe medical condition that is expected to last at least one year, or result in death. Many of the claims in the Compassionate Allowances Program are approved based on medical confirmation of the diagnosis alone; for example,

pancreatic cancer, amyotrophic lateral sclerosis (ALS) and acute leukemia. Social Security is committed - now and in the future – to continue to identify and fast-track diseases that are certain or near-certain to be approved for disability benefits. Today, almost 500,000 people with severe disabilities have been approved through this fast-track disability process, which has grown to include a total of 228 conditions. Recently, three new Compassionate Allowances conditions were added to the list: CACH — Vanishing White Matter Disease-Infantile and Childhood Onset Forms, Congenital Myotonic Dystrophy and Kleeftstra Syndrome. The Compassionate Allowances program speeds help to people with severe conditions. If you or someone you know has a severe disabling condition, do not wait. Go to the Compassionate Allowances [website](#) for more information about the program, including a list of all the conditions.

7. TAKE THAT MIAMI, PITTSBURGH IS TOP RETIREMENT

SPOT: Who needs balmy weather, white-sand beaches and manicured golf courses? Give me high-quality health care, a low crime rate and lots of other seniors, says www.usatoday.com. Bankrate.com's new ranking of the nation's 50 largest metro areas as retirement havens gives less weight to iconic hallmarks and more to practical attributes that can add up to a better overall quality of life. The results are decidedly counterintuitive. The Pittsburgh area – yes, Steel City – was rated the nation's best place to retire, followed by the Boston and Los Angeles regions. Meanwhile, traditional senior playgrounds like Miami-Fort Lauderdale and Las Vegas were rated

30th and 42nd, respectively. You really need to investigate what is going to make you happy. What type of culture are they looking for? Are there people their own age?" Not surprisingly, Pittsburgh scored poorly for its weather and just average for its tax burden. Its average annual temperature is 52 degrees and it snows an average 40 days a year, while the combined state and local income tax rate averages 4.6%, in line with the national average. But it ranked high in most other categories, with a low crime rate, affordable cost of living, good, low-cost health care and a top-ranked friend factor, with 18% of the population age 65 or over. Boston was tops in health care and performed well in crime and well-being –which captures how people feel about and experience their daily lives–helping it overcome its weak showing in weather and cost-of-living. And Los Angeles, home to Disneyland and Universal Studios -- trounced the field in things to do and trailed only San Francisco in weather. That more than offset its low scores in health care, cost-of-living and the presence of other seniors. By contrast, the Miami-Fort Lauderdale area performed surprisingly poorly in weather, and just average in healthcare and crime, partly negating its solid scores for its friend factor, cost-of-living and well-being. Ranking last among the 50 metro areas was San Bernadino, California. Despite its good showing for weather and well-being, it came in below average in health care, cost-of-living and the friend factor. And it is not exactly a cultural hotbed, which gave it a zero (out of 10) in things to do.

8. 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.

9. CRAZY STATE LAWS: *Good Housekeeping* reminds us that there are crazy laws in every state. In Vermont it is illegal for women to wear fake teeth without their husband's approval. Our friends over at *Country Living* helped us find this jaw-dropping law! Written permission is mandatory if a wife opts for false teeth. Better let your hubby know you are eyeing those shiny veneers.

10. INSPIRATIONAL QUOTE: Every child is an artist. The problem is how to remain an artist once he grows up. – Pablo Picasso.

11. LEXOPHILES: A bicycle cannot stand alone; it is just two tired.

12. FUNNY TOMBSTONE SAYINGS: Some tombstones are clever and could make you die from laughter. One tombstone reads: Can I take this headstone off my taxes?

13. TODAY IN HISTORY: In 1981 President Reagan vetoes House Joint Resolution 357, which called for further appropriations for fiscal year 1982.

14. 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.

15. 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>.

16. REMEMBER, YOU CAN NEVER OUTLIVE YOUR DEFINED RETIREMENT BENEFIT.