



CYPEN & CYPEN NEWSLETTER for September 24, 2020

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

1. DARIEN TAXPAYERS SPENDING MORE ON POLICE PENSIONS:

Darien taxpayers are set to pay nearly \$200,000 more into the police pension account this budget year than they did the previous year. The taxpayers' contribution will amount to almost \$2.1 million, up from \$1.9 million the year before.

This trend reflects what is going on in most Illinois towns. Thirteen years ago, according to the city, the taxpayers' annual payment into the pension fund was about \$800,000, less than 40 percent of what it is now.

If the taxpayers' contribution to the pension fund had gone up with inflation over the last 13 years, it would now be a little above \$1 million.

But in Illinois, pension costs go up quickly. A big reason for the increase in costs is the guaranteed annual 3 percent compounded increase for pension recipients. At that rate, recipients see pay hikes more than the rate of inflation.

The state is requiring towns pay into their police pension funds at a rate that they will be 90 percent funded by 2040. But Darien has been aiming for 100 percent in that year.

At last week's City Council meeting, Jason Franken, the city's actuary, said it made sense to go for 100 percent. And he said state legislative proposals to extend the funding requirement to 2050 would do little to help.

"You will pay much more in interest over the last 10 years," Franken said.

Darien's treasurer, Michael Coren, said he has recommended going for the 100 percent by 2040 since he became treasurer 13 years ago. Doing otherwise, he said, would be "kicking the can" down the road, as he said the state often does with its pension funds.

Franken said the police pension fund's investments only gained by 1.3 percent in the budget year ending April 30, lower than the expected 7 percent. That was the result of the pandemic-caused plunge in the stock market, he said. This decline will further increase taxpayers' contributions in later years, Franken said.

Another reason for this year's increase was the enactment of greater benefits for pension members who joined 2011 or later. These adjustments were a part of legislation for the phased-in consolidation of municipal police pension funds. The newer members -- known as Tier 2 -- get fewer benefits than their older counterparts. Taxpayers contributions come through their property taxes. David Giuliani, Patch, <https://patch.com>, September 14, 2020.

2. SOUTH CAROLINA POSTS -1.6% RETURN FOR FISCAL YEAR:

South Carolina Retirement System Investment Commission, Columbia, posted a net return of -1.6% for the fiscal year ended June 30, below its benchmark of 0.13%, according to board documents from its Sept. 9 meeting.

For the three, five and 10 years ended June 30, the \$31 billion [South Carolina Retirement Systems](#) returned an annualized net 4%, 4.6% and 6.7%, respectively, compared with the respective benchmark returns of 4.6%, 5.2% and 6.6%.

The retirement system returned 5.8% net of fees in the fiscal year ended June 30, 2019.

By asset class, core fixed income posted a net return of 8.5% (below its benchmark return of 8.7%) followed by TIPS, 8% (8.3%); private real estate, 3.4% (2.3%); cash and short duration, 1.5% (1.6%); global public equity, 0.7% (0.8%); public infrastructure, -1% (-6%); portable alpha hedge fund excess return (net LIBOR), -1% (2.5%); mixed credit, -1.1% (-1%); equity options, -1.6% (-9.2%); emerging markets debt, -4.3% (-1.1%); global tactical asset allocation, -5.5% (0.9%); private debt, -5.6% (-7.7%); private equity, -6.8% (-7.2%); public real estate, -7.9% (-13.4%); and other opportunistic, -22.4% (0.9%).

As of June 30, the actual allocation was 43.5% global public equity, 16.3% core fixed income, 8.2% private real estate, 7.4% private debt, 7% private equity, 4.6% mixed credit, 3.9% emerging markets debt, 2.3% equity options, 1.6% global tactical asset allocation, 1.6% public infrastructure, 1.6% public real estate, 1.1% private infrastructure, 0.7% other opportunistic, and 0.2% cash and short duration.

The RSIC manages the assets of South Carolina state pension funds on behalf of the South Carolina Public Employee Benefit Authority, Columbia. Brian Croce, *Pensions & Investments*, www.pionline.com, September 18, 2020.

3. BENEFIT REDUCTIONS, PRICE HIKES COMING FOR CALPERS LONG-TERM CARE INSURANCE PLANS:

CalPERS hasn't publicly estimated how much it might raise premiums on its long-term care insurance policies next year, but the anticipated rate hikes are prompting the system to consider a wide range of changes including benefit reductions.

The California Public Employee Retirement System's board reviewed information in [meetings this week](#) that show the depths of the financial challenges faced by its \$4.7 billion long-term care insurance fund.

The board plans consider specific changes in November, when it will likely weigh premium increases that would go into effect in July 2021. The system suspended enrollment in the plans in June and [warned of "significant premium increases"](#) to come.

The fund supports long-term care policies that help cover costs for nursing homes and in-home care. It is separate from CalPERS' \$413 billion pension fund. CalPERS offices are trying to find ways to minimize the projected increases.

One possibility is giving policyholders options to reduce their benefits instead of paying higher premiums, chief health director Don Moulds told the board.

Right now, the policies start covering costs of long-term care after a policyholder has been paying the costs themselves for 90 days. The system could increase that delay to 180 days to help keep premiums down, Moulds said.

Other possibilities for benefit reductions include adding deductibles, reducing the policies' duration and reducing daily benefit amounts, he said. Policyholders also could be given the option to pay a lump sum to keep their premiums stable, he said. "We don't like them and our policyholders wouldn't necessarily choose them," if they weren't facing rate increases, he said.

CalPERS is still fighting a class-action lawsuit over an 85% premium increase introduced in 2013. Policyholders who purchased "inflation protection" when they signed up for the plans [said in the lawsuit](#) that CalPERS improperly increased their rates. They estimate CalPERS could have to pay as much as \$1.2 billion if they prevail.

CalPERS has said it had the authority to raise the rates, and that any payment to close out the lawsuit would further drive up premiums. A jury trial has been delayed several times and is now scheduled for March 29.

The outlook for the troubled line of insurance worsened dramatically from 2017 to 2019, and then got even worse during the coronavirus, according to financial summaries.

The average policyholder is 75 years old and sicker on average than in the past, according to the summary. The system now is paying out more in benefits than it is taking in, according to a presentation to the board.

Two-thirds of the fund's portfolio is invested in bonds and other fixed-income assets that return money to investors based on interest rates, according to a summary the system's investment staff prepared for the board. With investment rates at historic lows, returns are suffering, according to the summary.

Investment staff offered a preliminary recommendation for the board to consider reducing its projections for investment returns to 4% from the current 5.25%. The change would force the fund to look elsewhere for the money it had counted on from investment returns.

The system is considering moving some of its money out of the stable class of investments to other investment types that likely would be riskier but offer the potential for higher returns, such as stocks. Those changes could help minimize premium increases.

At the end of June 2018, the fund estimated it had 101% of the assets it estimated it would need to cover future costs. If the board accepts the projections of its actuaries based on a sicker population, worsening financial outlook and changes in enrollment, that percentage would drop to 69% for the end of June 2019, according to the meeting materials. Wes Venteicher, The Sacramento Bee, www.sacbee.com, September 16, 2020.

4. GALVESTON PENSION BOARD ACTED PRUDENTLY ON BEHALF OF EMPLOYEES:

In response to ("[Officials disagree with changes to city employee pension](#)," The Daily News, Sept. 11): As chair of the city of Galveston Employees' Retirement Fund board, I would like to clarify the Civilian Pension Board's position on its recent decision to raise what's known in city hall as "the Cap."

I would also like to address concerns voiced by city administrators made to the Galveston City Council regarding the board's decision at the Galveston City Council's special meeting on Sept. 10.

To do so requires addressing several key points. First, board members were acting in the best interest of city employees when we voted to raise the pension cap from \$50,000 to \$60,000. Second, raising the pension cap was a fiscally prudent decision, carefully considered with the board following recommendations proposed by the independent actuaries.

Third, the board remains willing to work with the city as we both continue to work together to improve the civilian pension.

Some background. The city of Galveston provides its employees with a defined pension plan, a type of retirement account in which retirees draw a "defined" monthly payment as long as they live. This pension is funded by contributions from employees as well as the city.

In 2003, a \$50,000 pension cap was instated by the board because the unfunded liability, one measurement of the health of a pension, was of concern.

For Galveston city employees, regardless of the amount contributed, years of service, salary at retirement, etc., the pension "caps" at \$50,000 a year. In comparison, the Texas Teacher Retirement System doesn't. Further compounding the problem, unlike Social Security, the pension doesn't increase with inflation — there are no cost-of-living adjustments.

Per the Consumer Price Index, the \$50,000 cap set in 2003 would need to be adjusted to \$74,524 in 2020 dollars. The board feels by raising the cap to \$60,000, they've taken the first, but not the last step, in remediating problems with the city's civilian pension.

While raising the cap increases Galveston's unfunded liability, Galveston's fund is still financially solid and well within recognized parameters. The board's decision used conservative, prudent guidelines to help the city's retirees when they increased the cap.

To the board, the sticking point was while city administrators were well within their fiduciary duties to express their disapproval of raising the cap, the board felt that they didn't offer any viable alternatives. This after having three months from our May to August meetings to do so.

In closing, to quote the Academy Award-winning film "Cool Hand Luke," perhaps "what we have here is a failure to communicate." The board is more than willing to listen to the city's suggestions for improving the current pension plan. And I believe that city administrators are willing to listen to the board.

In that end, I'm confident that both the city and the board want an outcome that's in the best interest for all Galveston's city employees. Onward through the fog. Don F. Davidson, *The Daily News*, www.galvnews.com, September 16, 2020.

5. WOMAN CHARGED WITH STEALING FROM POLICE PENSION FUND, POLICE SAY:

A 62-year-old Michigan City woman is accused of unlawfully taking payments from the city's police department pension fund on behalf of an individual who died five years ago, according to police. Pamela A. Westphal was taken into custody and faces a felony count of theft, police said.

Local police said they teamed up in January with the Indiana State Board of Accounts to investigate an overpayment from the city's police pension fund. They had received a report that the funds were being deposited into an account belonging to a deceased beneficiary.

The investigation revealed the beneficiary died in 2015, but the pension board was never notified, police said. The funds were being managed by the executor of the deceased's estate.

Westphal was released from jail on a \$15,000 cash bond and made an initial appearance in court, police said. Her next court date is Oct. 29, 2020. Bob Kasarda, *The Times*, www.nwitimes.com, September 15, 2020.

6. NEW YORK EMPLOYERS; GET READY FOR THE STATE'S NEW PAID SICK LEAVE LAW:

On March 18, New York enacted legislation requiring employers to provide job-protected sick leave to employees subject to mandatory or precautionary quarantine or isolation orders by

the state or other authorized entity due to COVID-19. The employer's size and net income dictate the amount of leave required. The law, which took effect immediately, also expanded employee eligibility for paid family leave (PFL) or short-term disability benefits following the exhaustion of employer-provided paid sick leave. (See our [March 24, 2020](#) FYI and [March 31, 2020](#) FYI Alert for more information on quarantine leave.)

Shortly thereafter, New York enacted a statewide paid sick leave (PSL) law as part of its fiscal year 2021 [budget](#). The new leave mandate, which is separate and distinct from the state's quarantine leave law, is slated to take effect on September 30, 2020 and will allow employees to begin using accrued time on January 1, 2021.

New statewide mandate

While the new statewide mandate does not preempt existing local laws -- including New York City's Earned Safe and Sick Time Act and Westchester County's Earned Sick Leave and Safe Time Leave Law -- some of its provisions offer more generous PSL benefits and employee protections. In addition, the new sick leave law allows cities with a population of at least one million to enact a local sick leave ordinance that meets or exceeds statewide requirements for minimum hours and use.

Covered employers and employees

The new law covers nearly all private sector employers and employees. For these purposes, the term "employer" includes any person, corporation, limited liability company, or association employing any individual in any occupation, industry, trade, business, or service. It does not, however, include government agencies. The term "employee" is defined as any person employed for hire by an employer in any employment.

Paid and unpaid leave

Under the new law, the amount of leave employers must provide -- and whether it is paid or unpaid -- depends on their size and net income. Both full-time and part-time employees must be counted in determining employer size, but the law does not indicate whether out-of-state employees are included in the count. In each calendar year, employers with:

- Four or fewer employees and a net income of \$1 million or less in the previous tax year must provide at least 40 hours of unpaid sick leave
- Four or fewer employees and a net income of more than \$1 million in the previous tax year must provide at least 40 hours of paid sick leave
- Between five and 99 employees must provide at least 40 hours of paid sick leave
- 100 or more employees must provide at least 56 hours of paid sick leave

Collective bargaining agreements entered into on or after the effective date of the sick leave law may provide a comparable benefit in the form of leave, compensation, other employee benefits (or some combination thereof), if the agreement specifically acknowledges the new law's provisions.

Accrual, use and carryover

Beginning on the later of September 30, 2020 or their first day of employment, employees will accrue one hour of sick leave for every 30 hours worked up to the following annual caps. Generally, employers with fewer than 100 employees can cap employees' accrual at 40 hours of PSL per year, while the cap for larger employers is 56 hours per year. Alternatively, employers may choose to frontload the required sick leave at the beginning of the year.

PSL may be used for the following purposes:

- A mental or physical illness, injury, or health condition of the employee or their family member, regardless of whether the illness, injury, or health condition has been diagnosed or requires medical care when leave is requested
- The diagnosis, care, or treatment of a mental or physical illness, injury, or health condition of, or need for medical diagnosis of, or preventive care for, the employee or their family member
- Certain absences from work when the employee or their covered family member has been the victim of domestic violence, a family offense, sexual offense, stalking, or human trafficking

For these purposes, covered family members include an employee's child, spouse, domestic partner, parent, sibling, grandchild, grandparent, and child or parent of their spouse or domestic partner.

Employers can set minimum increments to use of up to four hours and may restrict the use of any accrued sick leave until January 1, 2021. Further, employers with 100 or more employees can limit PSL use to 56 hours per year while smaller employers can limit use to 40 hours. Employees are entitled to carry over earned but unused PSL from year to year up to a certain maximum based on employer size. However, it is unclear whether the carryover provision will apply to an employer that frontloads leave at the beginning of the year.

When used, PSL must be paid at the greater of the employee's regular rate of pay or the applicable minimum wage. Upon return to work following PSL, an employee must be restored to the position they held prior to leave with the same pay and other terms and conditions of employment.

Payout and rehire provisions

Employers are not required to pay out earned, unused PSL upon termination, resignation, or other separation from employment. The law does not address whether an employer has any obligation to reinstate previously earned but unused PSL for rehires.

Recordkeeping

The new law requires employers to establish and maintain accurate payroll records for at least six years showing the amount of sick leave provided to each employee, along with the other information required under Section 195 of the New York Labor Law.

Existing policies

Employers will not be required to provide any additional PSL if their existing PSL or paid time off policies are at least as generous as the new law with regard to amount of leave, accrual, carryover, and use requirements.

Buck comment. Employers that currently provide 40 hours of paid leave annually in compliance with New York City and/or Westchester County law should generally be able to have these benefits run concurrently with statewide PSL. However, they may need to modify their existing use policies and practices to satisfy more generous statewide conditions.

Notice and posting

Notably, the new law does not obligate employers to provide individual employee PSL rights notices or post such information. However, employers must provide an employee with a summary of PSL accrued and used in the current and/or any previous calendar year within three business days of an oral or written request.

In closing

Employers currently looking to update their policies to comply with the new statewide sick leave law should be aware that a number of its requirements still need clarification. Employers should monitor the New York Department of Labor's website for guidance and update existing leave policies and payroll practices as needed to ensure compliance. Nancy Vary, JD and Abe Dubin, JD, BUCK, www.buck.com, September 15, 2020.

7. WHY NEAR-RETIREEES NEED TO LEARN ABOUT RETIREMENT FAILURE:

Near retirees and retirees need to be told about people who have failed to achieve happy retirements so that they avoid a similar fate, according to Robert Laura, a Certified Professional Retirement Coach.

“Not everyone fails at retirement, but those are not the people we are working with,” Laura told the Retirement Coaches Association at a conference yesterday. Laura is the founder of the association and of RetirementProject.org and is a retirement advocate. He discussed how advisors and human resources professional, with the help of retirement coaches, can help clients and employees achieve better retirements through behavioral economics.

People are “hampered by biases, anchors and loss aversion that not only muddles their view, but can cause them to fail right out of the gate,” the association noted in a statement. Being able to predict behavior can help people make a smoother transition from work to retirement, Laura said.

Many people plan for the financial part of retirement, and they expect all other aspects to unfold automatically and happily. It doesn’t happen that way, Laura warned. “Retirement coaches can reduce the stress and anxiety of retirement by helping clients pluralize retirement decisions. Retirement is not a ‘one-and-done’ decision. People can have more than one retirement.”

However, near retirees need to know that good intentions are not enough to create a successful retirement. “Retirement is complex, so it is human nature to put off the decisions,” Laura said. “Retirement is empty. You have to put something in there if you do not want to set yourself up for failure. Retiring and waiting to see what will happen will not work. That’s why coaching is so important.

“Retirees need full information to make good decisions,” and that includes knowing the negative possibilities, he added. “The reason people are failing in retirement is because they are not thinking about the nonfinancial decisions.”

Advisors and retirement coaches can differentiate themselves by showing near retirees examples of people who have made bad decisions or no decisions at all. Those who think retirement will change them are not being realistic. “Retirement magnifies what you already are,” he said.

“As coaches, we have to take the pretty pictures of retirement away from people so they see retirement from a different perspective--so they do not have unrealistic expectations,” he said. Retirement can be a happy productive time, but “there are dangers to not planning.” Karen Demasters, Financial Advisor, www.fa-mag.com, September 16, 2020.

8. KEN DYCHTWARD SAYS TODAY'S RETIREMENT HAS NEVER BEEN SEEN BEFORE:

Aging and retirement, as it exists today, has never been seen before in human history. That's the view of Ken Dychtwald, the prominent founder and CEO of Age Wave, a research and educational organization specializing in aging-related issues.

The current characteristics of retirement have not been witnessed before because people in past centuries did not retire for very long--they died, Dychtwald, a psychologist and gerontologist said during a presentation to the Retirement Coaches Association.

Retirement advisors today have to deal with a new set of variables and they need to be aware of the myriad problems faced today by "seniors," a name Dychtwald said he thinks should be discarded because it is derogatory. It also is not descriptive.

"We are in the midst of a longevity revolution. In the past there was not much to do about people aging, because there were not many of them," he said, "but during the last century and a half people are living longer lives. This is an uncharted frontier because it has never happened before."

The average life expectancy is going up and the retirement age is going down, so retirees are now looking at 20 or 30 years of life after work.

"You [retirement coaches] are in the right profession [because] there are no guides for this age and most people do not know how to figure it out," he added. When people were asked how they envision retirement, the top answer was as "an entirely new chapter in life," Dychtwald said. Health, including mental health, is a key to a happy retirement. But far less money is spent on curing diseases of old age than is spent on caring for those who suffer from the diseases. This is a dynamic that has to change, Dychtwald said. "We need scientific breakthroughs" on diseases such as Alzheimer's Disease.

Another necessary change is to create better government health care systems. "The fact that you need a financial advisor to be able to understand Medicare is unacceptable," the gerontologist said. The complicated situations faced by older Americans will require collaboration between retirement coaches and other professionals, including financial advisors.

Retirement coaches need to understand that retirement is not a solo project--it is a family project, involving parents of the retiree, children and extended family. They also need to understand such things as the many scams that threaten older people's financial well-being.

"When asked what they miss most after retirement, retirees don't say it is the money. They

say it is the action,” Dychtwald said. Retirees need to have purpose, and, he emphasized, they need to have fun. “Baby boomers want a new mix of work and play, so job placement is going to be part of retirement coaching.” Coaches also are going to have to help retirees determine who they are in this new phase of life.

Retirees need to pursue more ways to use the skills they have developed during their working lives, and yet only a small fraction of retirees do any volunteer work at all and, many who do, only do a tiny amount compared to the time they have available. A retirement coach can help retirees work through these situations, Dychtwald said.

“Retirement coaches need to show people how to let go of the old and find new ways to have a greater life,” he added. Karen Demasters, Financial Advisor, www.fa-mag.com, September 16, 2020.

9. STATE EMPLOYMENT AND UNEMPLOYMENT SUMMARY:

Unemployment rates were lower in August in 41 states, higher in 2 states, and stable in 7 states and the District of Columbia, the U.S. Bureau of Labor Statistics reported today. All 50 states and the District had jobless rate increases from a year earlier. The national unemployment rate fell by 1.8 percentage points over the month to 8.4 percent but was 4.7 points higher than in August 2019.

Nonfarm payroll employment increased in 40 states and was essentially unchanged in 10 states and the District of Columbia in August 2020. Over the year, nonfarm payroll employment decreased in 49 states and the District and was essentially unchanged in 1 state.

This news release presents statistics from two monthly programs. The civilian labor force and unemployment data are modeled based largely on a survey of households.

These data pertain to individuals by where they reside. The employment data are from an establishment survey that measures nonfarm employment, hours, and earnings by industry. These data pertain to jobs on payrolls defined by where the establishments are located.

For more information about the concepts and statistical methodologies used by these two programs, see the Technical Note.

Unemployment Nevada had the highest unemployment rate in August, 13.2 percent, followed by Rhode Island, 12.8 percent, and Hawaii and New York, 12.5 percent each. Nebraska had the lowest rate, 4.0 percent, followed by Utah, 4.1 percent, and Idaho, 4.2 percent. In total, 29 states had jobless rates lower than the U.S. figure of 8.4 percent, 10 states had higher rates,

and 11 states and the District of Columbia had rates that were not appreciably different from that of the nation. ([See tables A and 1 and map 1.](#))

In August, the largest unemployment rate decreases occurred in Massachusetts (-4.9 percentage points) and Arizona (-4.8 points). Rates declined over the month by at least 2.0 percentage points in an additional 14 states. The only over-the-month jobless rate increases occurred in Kentucky (+3.1 percentage points) and Rhode Island (+1.5 points). ([See table B.](#))

The largest unemployment rate increases from August 2019 occurred in Hawaii (+9.8 percentage points), Nevada (+9.4 points), and Rhode Island (+9.3 points). The smallest over-the-year rate increases occurred in Nebraska (+0.9 percentage point) and Alaska (+1.2 points). ([See table C.](#)) -2- Nonfarm Payroll Employment Nonfarm payroll employment increased in 40 states and was essentially unchanged in 10 states and the District of Columbia in August 2020. The largest job gains occurred in New York (+153,300), Texas (+106,800), and California (+101,900). The largest percentage increases occurred in New Jersey, New York, and Virginia (+1.8 percent each); Kentucky and New Hampshire (+1.7 percent each); and Alaska, Indiana, and Massachusetts (+1.6 percent each). ([See tables D and 3.](#))

Over the year, nonfarm payroll employment decreased in 49 states and the District of Columbia and was essentially unchanged in Idaho. The largest job declines occurred in California (-1,598,200), New York (-1,214,500), and Texas (-616,600). The smallest declines occurred in South Dakota (-19,900), Wyoming (-21,400), and Montana (-24,300). The largest percentage declines occurred in Hawaii (-16.1 percent), New York (-12.4 percent), and Massachusetts (-10.9 percent). The smallest percentage declines occurred in Utah (-1.8 percent), Mississippi (-2.6 percent), and Arizona (-3.2 percent). ([See table E and map 2.](#)) To read the full release [click here](#). U.S. Bureau of Labor Statistics, www.bls.gov, September 18, 2020.

10. WHAT WILL COVID-19 MEAN FOR SOCIAL SECURITY CLAIMING?:

It's inevitable that many older workers -- either fearful of returning to work or unable to find employment -- will claim their Social Security benefits early as a result of COVID-19. While claiming early locks beneficiaries into actuarially reduced monthly payments, it offers a safety net for unemployed older workers.

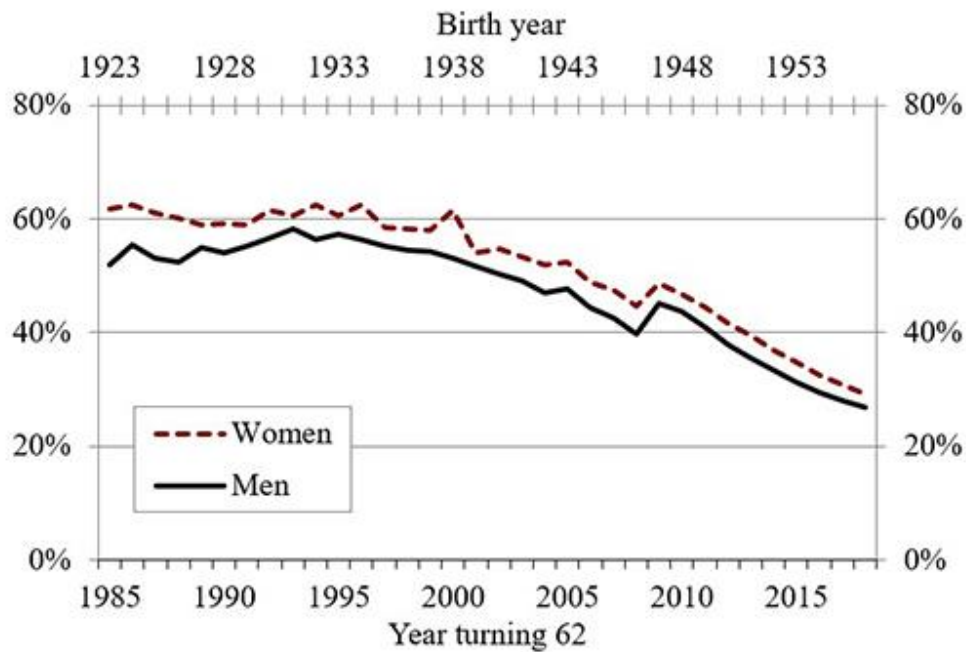
In preparation for looking at the trends in Social Security claiming, we updated data on the percentage of people who claim at age 62, the earliest age at which benefits are available. This number comes in two flavors. The first is the data published each year by the Social Security Administration that show, of all workers claiming benefits in a given year, the

percentage who are 62, 63, 64, etc. The problem is that, when the size of the population turning age 62 is increasing, as it has been for more than two decades, these data will show that 62-year-old claimants make up a larger portion of new claimants even if a smaller percentage of 62-year-old workers claim immediately.

To accurately characterize claiming behavior, it is necessary to look at the second type of data: claiming information by cohort. Such data show, of the potential claimants turning 62 in a given year, the percentage who claim benefits as soon as possible. This calculation is possible because SSA provides unpublished data on the number of people eligible for retired-worker benefits by birth year.

The task is then to allocate cohort totals among claiming ages based on SSA's published data. For example, the unpublished data show that 864,596 men born in 1923 turned 62 and became eligible for benefits in 1985. The published data show that 448,630 men claimed benefits at 62 in 1985, all of whom by definition must be 1923-cohort men. Similarly, the published data show that 82,900 men claimed benefits at 63 in 1986, 110,580 claimed at 64 in 1987, etc., so the published data make it possible to follow the claiming activity of the 1923 birth cohort over time. The process produces data on the percentage of each cohort claiming at each age, which are shown separately for men and women in the figure below.

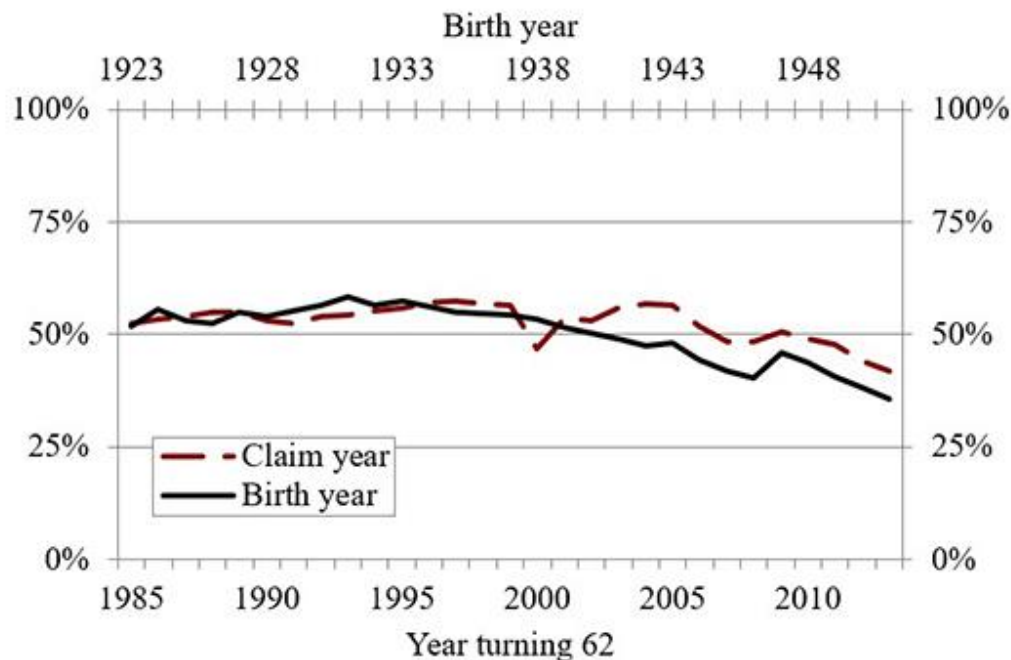
Percentage of Insured Individuals Turning 62 Who Claimed Social Security at 62, by Birth Year



Source: Authors' calculations from U.S. Social Security Administration, *2019 Annual Statistical Supplement*; and "Unpublished Data on Initial Social Security Benefit Awards and Eligibility Status."

The next figure compares the percentage of men claiming at 62 on a claim-year and cohort basis. The two approaches provide very similar results until 1997; afterward the two series start to diverge. The cohort data show a much greater decline over the 32-year period than the claim-age data published annually.

Percentage of Male Claimants Claiming Social Security at 62 (Claim Year) and Percentage of Insured Males Turning 62 Who Claimed at 62 (Birth Year)



Sources: Calculations from U.S. Social Security Administration, 2019 Annual Statistical Supplement; and "Unpublished Data on Initial Social Security Benefit Awards and Eligibility Status."

In terms of examining the impact of COVID-19 on claiming behavior, Social Security administrative data will not be published until the fall of 2021. Therefore, short-term information about trends in retirement behavior will have to be gleaned from surveys. The pandemic and economic collapse will certainly reverse the downward trend in the percentage claiming at 62, as did the 2008-09 crisis.

Once the economy recovers, however, the percentage claiming early hopefully will continue its decline. Alicia H. Munnell, MarketWatch, www.marketwatch.com, July 16, 2020.

11. FED SIGNALS LOW RATES LIKELY TO LAST SEVERAL YEARS:

The Federal Reserve pledged to support the economic recovery by setting a higher bar to raise interest rates and by signaling it expected to hold rates near zero for at least three more years.

In [new projections](#) released Wednesday after a two-day policy meeting, all 17 officials who participated said they expect to keep rates near zero at least through next year, and 13

projected rates would stay there through 2023.

The Fed's rate-setting committee also revised its [postmeeting statement](#) to specify it would maintain rates near zero until it sees evidence of a tight labor market and inflation reaches 2% "and is on track to moderately exceed 2% for some time."

"They set an enormously high bar to raise rates here. That's the bottom line," said Roberto Perli, a former Fed economist who is now at research firm Cornerstone Macro.

U.S. stock gains slipped away Wednesday afternoon. The S&P 500 fell 0.5% as of the 4 p.m. close of trading in New York. The yield on the benchmark 10-year U.S. Treasury was little changed, ticking up to 0.686%, from 0.678%. After topsy-turvy trading in recent days, the major U.S. stock indexes are all down so far this month.

The Fed's two-day policy meeting that concluded Wednesday is the first since officials last month announced [a new policy framework](#) that abandoned their longtime strategy of preemptively lifting interest rates to head off higher inflation.

The latest materials from the Fed revealed just how much the central bank expects to change the way it will react to improvements in the economy.

The new economic projections, for example, showed most officials expected interest rates to stay near zero over the next three years, even if inflation reaches 2% and the unemployment falls to around 4%.

By contrast, when the Fed lifted interest rates at [the end of 2015](#) after holding them near zero for seven years, officials projected unemployment would end the year around 5% and so-called core inflation, which excludes volatile food and energy prices, would end the year at 1.3% and wouldn't reach 2% for three more years.

"These changes clarify our strong commitment over a longer time horizon," said Fed Chairman Jerome Powell at a news conference. "I'm not looking for a big reaction right now. But I think over time, guidance that we expect to retain the current stance until the economy has moved very far toward our goals is a strong and powerful thing."

Separately, officials revised their June economic forecasts to reflect expectations of a less severe contraction this year and a lower unemployment rate. They now project unemployment will average around 7% to 8% during the last three months of this year, down from June projections of around 9% to 10%.

The unemployment rate fell to [8.4% last month](#) from a recent high of [14.7% in April](#). Mr. Powell said it was possible that the lower level of the rate partly reflects fewer Americans looking for work right now, which means they aren't formally counted among the jobless.

Fed officials indicated concern that easy gains from reopening the economy could mask deeper scars, as the most vulnerable businesses shut down and employees in hard-hit sectors face longer spells of joblessness.

The ranks of temporarily laid-off workers have fallen by two-thirds, or around 12 million, since the spring. But more than two million Americans have permanently lost their jobs and 11 million fewer Americans were employed last month than in February.

Mr. Powell said it would be [important for Congress to spend more money](#) to support these households, along with hard-hit businesses and state and local governments, to limit additional damage to the economy. Nick Timiraos, *The Wall Street Journal*, www.wsj.com, September 16, 2020.

12. FAKE CHECK SCAMS AND YOUR SMALL BUSINESS:

If someone you don't know sends you a check and asks for money back, that's a scam. But what if you're a small business owner and someone "overpays" you and asks you to refund the balance? That's still a scam -- a fake check scam, to be exact.

Want to learn more about how this scam works -- especially before you cash a check and send somebody money back? Check out this video: [fake check scams](#).

For more on fake checks, read these tips on [how to spot, avoid, and report fake check scams](#). Suspect a fake check scam? Report it to the FTC at ftc.gov/complaint. And to keep up to date on what the FTC is doing, sign up to get [Consumer Alerts](#). Traci Armani, Consumer Education Specialist, Federal Trade Commission, www.ftc.gov, September 18, 2020.

13. SCAMMERS PREY ON YOUR KINDNESS DURING DISASTERS:

Wildfires raging out West. The hurricane season. Civil unrest. And all of this happening during a global pandemic that has claimed its own devastating share of deaths and cost people their livelihoods. In response to these events, the season of giving is starting even before the usual holidays, since we all just want to help where and as we can.

But shameless scammers want to help themselves to your money. And they're competing with

legitimate charities, taking advantage of your generosity. So, as you open your heart and wallet to help people and causes, be sure to consider these tips for safe giving:

- Never let anyone rush you into donating. Pressuring you to act right away is something that scammers do.
- Don't assume the charity appeals you see [online or on social media](#) are legitimate, even if someone you know sends them to you. Even if a group sounds legit, know that some scammers use names that sound like real charities, only they're not. So:
- Before you donate, [research the name](#) of the organization or cause. Search their name online, plus the words "scam," "fraud," or "complaint."
- Find out if the charity or fundraiser is registered in your state. Check with your [state's charity regulator](#) to find out. If the charity isn't registered, consider donating elsewhere.

To get more tips on how to spot and avoid charity scams, go to [ftc.gov/charity](https://www.ftc.gov/charity) -- and check out the video below. And if you think you've spotted a fake charity, report it to the FTC at [ftc.gov/complaint](https://www.ftc.gov/complaint). Lisa Lake, Consumer Education Specialist, Federal Trade Commission, www.ftc.gov, September 17, 2020.

14. SPOT AND STOP DISHONEST CHARITY FUNDRAISERS:

What's worse than a bogus charity? A bogus charity with a dishonest fundraiser. That's what we saw in a case announced today against Outreach Calling, Inc., its founder Mark Gelvan, and others.

The defendants in [this FTC case](#) are fundraisers that called millions of Americans on behalf of bogus charities. They claimed that the charities delivered care packages to Vietnam veterans in need, helped breast cancer survivors, gave grants to family members of fallen officers, and other things. But these fundraisers kept 90% or more of the donations they got. The bogus charities spent most of their share on salaries for their founders and family members, or administrative costs.

Today's settlement bans the defendants from charitable fundraising. But when you get a call from a charity fundraiser, how do you know the caller is telling you the truth? Here are a few tips:

- Ask the caller specific questions:
 - What is the charity's name, phone number, or address? Write these down so you can confirm them later. Keep in mind that many charity names sound alike.
 - How much of your donation will go directly to the programs you want to

- support?
- Will your donation be tax-deductible? Not every call seeking a donation is from a charity. Some calls might be from Political Action Committees or other groups where donations are not deductible. See more [questions to ask here](#).
 - Resist the pressure to donate now. After you've listened to the caller, hang up the phone and think about what they said. Then, go online and do your own research:
 - Search for the organization's name and phone number, plus the word "scam" or "complaint." What you find might help you decide if you want to make that donation.
 - Look up the organization's name and address. Does it show up? If it doesn't, that could be a sign the caller was lying to you.
 - See what these rating organizations say about the charity: BBB [Wise Giving Alliance](#), [Charity Navigator](#), [Charity Watch](#), and [GuideStar](#).

If you get a donation request in the mail, [do some research online](#) before you donate. And if you spot a charity scam, report it to the FTC at [ftc.gov/complaint](https://www.ftc.gov/complaint). Rosario Mendez, Attorney, Div. of Consumer and Business Education, Federal Trade Commission, www.ftc.gov, September 16, 2020.

15. WHAT TO KNOW ABOUT THE TAX-EXEMPT APPLICATION PROCESS FOR CHARITIES:

Organizations that meet specified requirements under Section 501(c) of the Internal Revenue Code may qualify for tax-exempt status. These include charities, social welfare organizations, civic leagues, social clubs, labor organizations and business leagues.

Most organizations are required to apply for recognition as tax-exempt.

Here are some key things that charities should know about the application process:

- **Application includes a fee**

The application must be complete. It must also include a [user fee](#).
- **Step-by-step review process available**

The [application process](#) on IRS.gov includes a step-by-step review of what an organization needs to know and what to do in order to apply for tax-exempt status.
- **Organizations that don't need to apply**

There are a few types of organizations that do not need to apply for 501(c)(3) status to be tax-exempt. These are churches and their [integrated auxiliaries](#), and also public charities whose annual gross receipts are normally less than \$5,000.
- **Employer identification number required**

An employer identification number is an organization's account number with the IRS

and is required for the organization to apply for tax exempt status. Every tax-exempt organization should have an EIN, regardless of whether the organization has employees. Organizations may [apply for an EIN](#) online, by fax or by mail. International applicants may apply by phone.

- **Timeframe to notify the IRS**

Generally, a charitable organization that is required to apply for recognition of exemption must notify the IRS within 27 months from the date it was formed to be recognized as exempt from formation.

- **Classification as a private foundation or public charity**

When the agency determines an organization qualifies for exemption under Section 501(c)(3), it will also be classified as a [private foundation](#), unless the organization meets the requirements to be treated as a [public charity](#).

- **Documents available to the public**

A charitable organization must make certain documents available to the public. These include its approved application for recognition of exemption with all supporting documents and its last three annual information returns.

- **Requests for documents**

The organization must provide copies of these documents upon request. The organization may charge a reasonable fee for reproduction and copying costs. Organizations that fail to comply may face penalties.

IRS Tax Tip No. 2020-121, www.irs.gov, September 17, 2020.

16. IRS REMINDS TAXPAYERS WHO FILED AN EXTENSION THAT THE OCT. 15 DUE DATE APPROACHES:

The Internal Revenue Service today reminds taxpayers who filed an extension that the Oct. 15 due date to file 2019 tax returns is approaching. Taxpayers should complete their tax returns and file *on or before* the **Oct. 15 deadline**.

Convenient [electronic filing options](#), including IRS [Free File](#), are still available. Taxpayers and tax professionals should continue to use electronic options to support social distancing and speed the processing of tax returns, refunds and payments.

Although Oct. 15 is the last day for most people to file, some taxpayers may have more time. They include:

- Members of the military and others serving in a [combat zone](#). They typically have 180 days after they leave the combat zone to file returns and pay any taxes due.
- Taxpayers in federally declared disaster areas who already had valid extensions. For details, see the [disaster relief](#) page on IRS.gov.

Taxpayers who did not request an extension and have yet to file a 2019 tax return can generally avoid additional penalties and interest by filing the return as soon as possible and paying any taxes owed.

Choose direct deposit for refunds

The safest and fastest way for taxpayers to get their refund is to have it electronically deposited into their bank or other financial account. Taxpayers can use [direct deposit](#) to deposit their refund into one, two or even three accounts. Direct deposit is much faster than waiting for a paper check to arrive in the mail.

After filing, use the [Where's My Refund?](#) tool on IRS.gov or download the [IRS2Go](#) mobile app to track the status of a refund.

Schedule federal tax payments electronically

Taxpayers who filed an extension can file now and schedule their federal tax payments up to the Oct. 15 due date. They can pay online, by phone or with their mobile device and the IRS2Go app. When paying federal taxes electronically taxpayers should remember:

- [Electronic payment options](#) are the optimal way to make a tax payment.
- They can pay when they file electronically using tax software online. If using a tax preparer, taxpayers should ask the preparer to make the tax payment through an [electronic funds withdrawal](#) from a bank account.
- [IRS Direct Pay](#) allows taxpayers to pay online directly from a checking or savings account for free, and to schedule payments up to 365 days in advance.
- Taxpayers can choose to pay with a credit card, debit card or digital wallet option through a [payment processor](#). No fees go to the IRS.
- The [IRS2Go](#) app provides the mobile-friendly payment options, including Direct Pay and Payment Provider payments on mobile devices.
- Taxpayers may also enroll in the [Electronic Federal Tax Payment System](#) and have a choice of paying online or by phone by using the EFTPS Voice Response System.
- Taxpayers can go to [IRS.gov/account](#) to securely access information about their federal tax account. They can view the amount they owe, access their tax records online, review their payment history and view key tax return information for the most

recent tax return as originally filed.

Economic Impact Payments-Non-Filers can still get one; must act by Oct. 15

Though most Americans – more than 160 million in all – have already received their Economic Impact Payments, the IRS reminds anyone with little or no income who is not required to file a tax return that they may be eligible to receive an Economic Impact Payment.

Available in both English and Spanish, the [Non-Filers tool](#) on IRS.gov is designed for people with incomes typically below \$24,400 for married couples, and \$12,200 for singles. This includes couples and individuals who are experiencing homelessness. People must enter their information by Oct. 15 to get a payment this year.

People can qualify for a payment, even if they don't work or have no earned income. But low- and moderate-income workers and working families eligible to receive special tax benefits, such as the Earned Income Tax Credit or Child Tax Credit, cannot use this tool. They will need to file a regular return as soon as possible. The IRS will use their tax return information to determine and issue any EIP for which they are eligible.

IRS.gov assistance

Taxpayers may find answers to many of their questions using the [Interactive Tax Assistant \(ITA\)](#), a tax law resource that works using a series of questions and responses. IRS.gov has answers for [Frequently Asked Questions](#). The IRS website has tax information in: [Spanish \(Español\)](#); [Chinese \(中文\)](#); [Korean \(한국어\)](#); [Russian \(Русский\)](#); [Vietnamese \(Tyng Viêt\)](#); and [Haitian Creole \(Kreyòl ayisyen\)](#). Go to [IRS.gov/payments](#) for electronic payment options. IRS Newswire IR-2020-213, [www.irs.gov](#), September 16, 2020.

17. FOR THOSE WHO LOVE WORDS:

What is a thesaurus's favorite dessert? Synonym buns.

18. EVER WONDER?:

If flying is so safe, why do they call the airport the terminal?

19. INSPIRATIONAL QUOTE:

“Start by doing what’s necessary, then what’s possible; and suddenly you are doing the impossible.” -Saint Francis

20. TODAY IN HISTORY:

On this day in 1789, President George Washington nominates John Jay for 1st Chief Justice.

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