CONTRA COSTA COUNTY
RETIRED EMPLOYEES ASSOCIATION, LOCAL ONE

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*Representing the Past, Present & Future*

Fall 2017

# President's Message

As we age, we all are aware that time seems to have little meaning any longer. Can you believe it is only 112 days until Black Friday? I don't do any shopping then, but I really love watching people on the evening news trying to kill one another over the last flat screen TV. Now on to the important 'stuff'.......

**MEMBERSHIP ADVANTAGES:** I have been asked by people at the Retiree Orientation sessions, "Why should I join? I am planning to move out of state when I retire." The main reason, of course, would be to keep current with what is happening in California which could have a direct impact on your retirement benefits. Some of those challenges can be read about in this issue's Legislative Report.

Another reason would be because we can act on your behalf with the retirement office if you are having difficulties getting certain questions answered. I am currently working with a member who is living in Oklahoma, and needs assistance getting her daughter listed as beneficiary of her benefits when she dies. The problems that the member is experiencing are of an unusual nature, and involve some legal issues which must be addressed. The point is that some of the contacts that need to be made in Contra Costa County should be on a personal level, and not by mail or telephone. Since this member is now over 1,500 miles away, having someone who can be an advocate in the local area is very helpful to her. She now feels that her $3.00 per month she pays in dues to CCCREA is a very worthwhile investment.

**SCHOLARSHIPS:** For those of you who could not join us for our last luncheon at Zio Freado's in Pleasant Hill, you missed an opportunity to meet four of our future leaders. We awarded four $1,000 scholarships this year, instead of the usual three, due to the similarly high qualifications among the top four candidates. The Board could not decide who should be cut. The four young men who won the awards joined us at the luncheon to receive their checks. There is a picture of these young men included in this newsletter, and additional photos have been posted on our web site (WWW.CCCREA.INFO )

Although scholarship applications will not be accepted until after January 1, 2018, it is not too early to download the applications and rules, and have your qualifying student begin gathering the materials they will need to submit the applications. Applicants for 2018 will have until March 31 to submit their paper work, and as I pointed out earlier, it is very easy for time to slip away.

**NEWS ARTICLES BY DAVID GREEN:** In this newsletter you will find two articles written by David Green. David is the President and CEO of 1st Nor Cal Credit Union (formerly Contra Costa County Federal Credit Union). I read several of David's articles in the credit union's newsletter and asked if he would be willing to contribute to our newsletter.

In response to that request, David sent over two articles. One is about RMD's (Required Minimum Distribution), and if you are approaching 70 ½ years old, you need to know what RMD's are. The second article is about the scams that are currently going around the country, and these scams are costing seniors millions of dollars they cannot afford to lose.

In the future there will be additional articles by "guest writers" who may be able to provide information of interest to our membership and to retirees in general. Also, if there are any members reading this newsletter who have ideas for an article, or would like to submit their own article, please don't hesitate to contact me at mesloan1@aol.com.

**ASSOCIATE MEMBERSHIP:** At our last Board of Director's meeting in July, the issue of changing our bylaws to allow "Associate Members" to join our association was discussed. Associate members would be persons who are currently working for Contra Costa County, or one of the special districts affiliated with the Contra Costa County Employees Retirement Association. The only difference between a regular member and an associate member would be the associate would not be able to vote in any election, hold office in the Association, or qualify for the scholarship program.

This idea came up last year when your Board of Directors began participating in preretirement orientation sessions sponsored by the retirement office in Concord. We have been making these presentations monthly to between 15 and 25 employees who are considering retirement within the next one to three years. During these sessions, we hand out our brochure and additional information about CCCREA and why they should join our Association.

Currently our bylaws stipulate that a person must be retired and drawing a pension from the county before they qualify for membership. The bylaws could be updated and the category for Associate Members would be added. I would be very interested in your thoughts, pro or con, on this subject and I can be reached at mesloan1@aol.com.

(Continued on page 2)

**(President's Message Continued from Page 1)**

**LEGISLATIVE REPORT:** The latest legislative report was provided for us by Art Goulet who is the Legislative Chair for CRCEA (California Retired County Employees Association). Due to space restrictions of this newsletter, the report has been edited from its original length. If anyone is interested in receiving a copy of the complete report, please contact me at mesloan1@aol.com.

For those of you who are interested in what the legislature is doing in Sacramento and how what they are doing may affect your retirement funds, these reports will be important to you. You may remember me warning of some of the antics of a legislator from Orange County named John Moorlach. Moorlach is what can only be described in mixed company as a pension reformer. He is doing everything he can to eliminate the defined benefit retirement plans (this is what we currently have), and change it to a defined contribution plan (401k savings account). He would also like to eliminate the cost of living increases we earn each year, and this is evidenced in his State Constitutional Amendment (SCA 10).

Luckily it appears that almost every one of his bills has died in committee, at least for now. If you keep up with the news, you know that pension reformers are nothing if not persistent, and there is little doubt that he will attempt to revive these bills in the next session.

**LUNCHEON SPEAKER:** I am very happy to announce that our speaker for our next luncheon will be Stephen Pettee. Steve is the President and Administrator for Pacific Group Agencies (PGA). This is the company that provides us with the supplemental insurance packets which are sent out each October. PGA offers benefit plans including dental, vision, hearing, travel, pet, care and home, life, and ID theft insurance.

This will be an excellent opportunity for those who have been thinking about purchasing one or more of these products, but still had some questions. Personally, I have purchased the eye care supplement for my wife and me, and have to say I am very pleased with the coverage.

While speaking of our next luncheon, a couple of our regular attendees have asked if we would supply a fish entrée this time instead of chicken. Tony has agreed to do this, and you will find the selection on the luncheon reservation flyer included with this newsletter.

**ADDRESS CHANGES:** I would like to take this opportunity to make sure everyone is aware that if you change your address with the retirement office, that action does not also change your address with our Association. Our mailing lists are separate, and the retirement office policy does not allow them to share your current address with us. So if you are planning an address change soon, please make sure you send us an update as well. You can mail it to P.O. Box 2973 Martinez, CA 94553.

## Judge Denies CalPERS Attempt to Dismiss Long Term Care Class Action Lawsuit

**(From the attorney's web site (http://www.calpersclassactionlawsuit.com/litigation-update.html)**

On June 19, 2017, Los Angeles Superior Court Judge Ann I. Jones, sided with plaintiffs and denied CalPERS' request to dismiss the claims of approximately 123,000 class members who purchased Long Term Care insurance from CalPERS and had their premiums increased by 85%. A copy of the Court's order can be found here.

In this case, the plaintiffs asserted five causes of action against CalPERS: breach of fiduciary duty; breach of contract; breach of the implied covenant of good faith and fair dealing; rescission; and declaratory and injunctive relief. The court previously certified the breach of fiduciary duty and breach of contract claims for class treatment. CalPERS filed a motion for summary judgment seeking to eliminate the case in its entirety. CalPERS argued that plaintiff's breach of fiduciary duty claims were barred because it had immunity for any breaches that may have led to the 85% rate increase. On the breach of contract claim, CalPERS argued that the claim should be dismissed because it was permitted to raise rates under the contract of insurance and that the claims were barred by the statute of limitations.

The Judge denied the motion for the second cause of action for breach of contract, the third cause of action for breach of implied covenant of good faith and fair dealing, and the fifth cause of action for declaratory and injunctive relief. With respect to the breach of fiduciary duty claim, the Court found that CalPERS had immunity for this claim.

The Court rejected CalPERS' argument that the Class' breach of contract claims were barred by the statute of limitations. The Court found the time period to contest the 85% rate increase did not begin to run until CalPERS actually announced the rate increase in 2013. The Court also found that the rate increase potentially violated certain provisions in the insurance contract that prohibited rate increases that are "a result of" the increasing benefits that were being provide to policyholders who purchased inflation protection. Since CalPERS primarily implemented the rate increase on policyholders that purchased inflation protection, the Court found that a jury could infer that the rate increases were implemented as a result of this benefit.

At this point, CalPERS has indicated that it will attempt to "decertify" the class. If this motion is denied, the case will likely proceed to trial next spring on a class-wide basis.

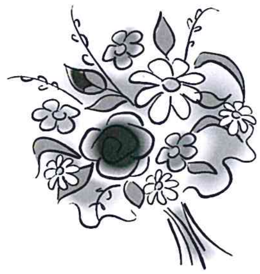
## CRCEA CONFERENCE DATES

The next conference will be held on:
October 23 -25, 2017 at the Hilton Garden Inn,
Emeryville, CA.

The conference will be hosted by the Retired Employees of Alameda (REAC)

## 2017 Luncheon Dates

- ☐ *September 14*
- ☐ *December 14*



*Remember, if you are a new member your first lunch is free. Just be sure to call in your reservation and let us know you're a new member.*

*The telephone number is 925-228-1600.*

*Please feel free to invite friends who have recently retired to our luncheon!*

**Contra Costa County Retired Employees Association Board of Directors**

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Petrenya Boykins
Maria Catanese
Marilyn Cramlett
Carl Doolittle
Vicki Doolittle
Mary Forney
Jim Hattum
Sandy Hawkins
Milt O'Neill
Mary Lou Williams, (Past President)

## 2017 Regular Meeting Dates

- ☐ August - No Meeting
- ☐ October 10, 2017
- ☐ November 14, 2017

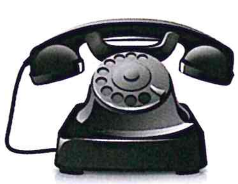
**MEETING LOCATION:**

TJ's Restaurant - 3210 Pacheco Blvd. (The old Pegg's Restaurant across from the Shell Refinery entrance) Martinez, CA 94553.

All are welcome to attend and share your thoughts and suggestions.

**Call to let us know you are coming.**

**(925 - 228 -1600)**



We still have See's Candy certificates for sale. The price went up this year but we still have just a few left at the old price of $15.50. When these are gone the new price will be $16.00.

Don't forget the new store in Pleasant Hill where you can purchase candy at the discount price. However, in order to do this you MUST show your CCCREA membership card.

If they have trouble finding the account, and it does happen, give them our account number which is 6013636.

The Pleasant Hill store is located at:
2380 Monument Blvd., across from Kohl's.

If you have any questions about this you can call Marilyn Cramlett at (510) 724-6788.

# Senior Humor

A couple in their nineties are both having problems remembering things. During a check-up, the doctor tells them that they're physically okay, but they might want to start writing things down to help them remember. Later that night, while watching TV, the old man gets up from his chair. 'Want anything while I'm in the kitchen?' he asks. 'Will you get me a bowl of ice cream?' 'Sure.' 'Don't you think you should write it down so you can remember it?' she asks. 'No, I can remember it.' 'Well, I'd like some strawberries on top, too. Maybe you should write it down, so as not to forget it?' He says, 'I can remember that. You want a bowl of ice cream with strawberries.' 'I'd also like whipped cream. I'm certain you'll forget that, write it down?' she asks. Irritated, he says, 'I don't need to write it down, I can remember it! Ice cream with strawberries and whipped cream - I got it, for goodness sake!' Then he toddles into the kitchen. After about 20 minutes, the old man returns from the kitchen and hands his wife a plate of bacon and eggs. She stares at the plate for a moment. 'Where's my toast?'

An elderly couple had dinner at another couple's house, and after eating, the wives left the table and went into the kitchen. The two gentlemen were talking, and one said, 'Last night we went out to a new restaurant and it was really great. I would recommend it very highly.' The other man said, 'What is the name of the restaurant?' The first man thought and thought and finally said, 'What's the name of that flower you give to someone you love? You know the one that's red and has thorns.' 'Do you mean a rose?' 'Yes, that's the one,' replied the man. He then turned towards the kitchen and yelled, 'Rose, what's the name of that restaurant we went to last night?'

Hospital regulations require a wheel chair for patients being discharged. However, while working as a student nurse, I found one elderly gentleman already dressed and sitting on the bed with a suitcase at his feet, who insisted he didn't need my help to leave the hospital. After a chat about rules being rules, he reluctantly let me wheel him to the elevator. On the way down I asked him if his wife was meeting him. 'I don't know,' he said. 'She's still upstairs in the bathroom changing out of her hospital gown.'

A senior citizen said to his eighty-year old buddy: 'So I hear you're getting married?' 'Yep!' 'Do I know her?' 'Nope!' 'This woman, is she good looking?' 'Not really.' 'Is she a good cook?' 'Naw, she can't cook too well.' 'Does she have lots of money?' 'Nope, she is poor as a church mouse.' 'Well, then, is she good in bed?' 'I don't know.' 'Why in the world do you want to marry her then?' 'Because she can still drive!'

A man was telling his neighbor, 'I just bought a new hearing aid. It cost me four thousand dollars, but it's state of the art. It's perfect.' 'Really,' answered the neighbor. 'What kind is it?' 'Twelve thirty.'

Morris, an 82 year-old man, went to the doctor to get a physical. A few days later, the doctor saw Morris walking down the street with a gorgeous young woman on his arm. A couple of days later, the doctor spoke to Morris and said, 'You're really doing great, aren't you?' Morris replied, 'Just doing what you said, Doc: 'Get a hot mamma and be cheerful." The doctor said, 'I didn't say that.. I said, 'You've got a heart murmur; be careful.

# PASSAGES

*Some people come into our lives and quickly go. Some people move our souls to dance. They awaken us to new understandings with the passing whisper of their wisdom. Some people make the sky more beautiful to gaze upon. They stay in our lives for awhile, leave footprints in our heart, and we are never ever the same.*

*~ Chicken Soup for the Soul*

Bobbie Arnold 5/12/2017

Ann Barnes 4/25/2017

Lillian Charles 3/21/2017

Sarah Dunlop 5/2/2017

Edward Hamel 6/18/2017

Lester Hyder 3/1/2017

Denise Kreps 6/19/2017

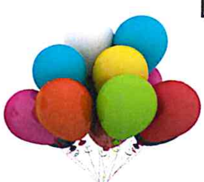
Delcie Sutton 5/1/2017

Joyce Wagner 4/8/2017

Virginia Westmorland 5/26/2017

Lena Witherspoon 5/19/2017

## Welcome New Member



**Mary Jane Kiefer**

# Legislative Report for June 2017

**by Art Goulet, Legislative Chair - CRCEA**

**(This report has been edited due space restrictions)**

Amended bills or bills on which there has been activity, or about which there is new information are highlighted in bold text. The bills that have died will be removed from future reports.

**AB 283** (Cooper) would require that any member of a 1937 Act system who is classified as a peace officer be retired for service-connected disability due to a job-related injury upon meeting the criteria for disability in the Act, regardless of the member's rank, position, or duty at the time of injury or at the time of application for permanent incapacity. This bill is intended to overturn an Appellate Decision that held a member must be incapacitated from doing the duties of the job the member is currently filling. It appears to be a sweetheart deal for high-ranking peace officers who aren't expected or anticipated to perform the duties of an officer in the field. The bill was amended on March 23 to provide that the disability retirement must be approved if the applicant is unable to perform all the usual and customary duties of a peace officer, regardless of whether the applicant's position requires the performance of those duties. **A hearing was scheduled for June 12 at the Senate PE & R Committee, but the author requested that the hearing be cancelled. No new hearing has been scheduled yet.**

**AB 526** (Cooper) was a spot bill. It was amended on April 4 to classify the Sacramento County Employees' Retirement System (SCERS) as a district, which would make it independent of the County. The language is the same as AB 1853 of last year, except that it applies only to SCERS, not all 1937 Act systems. Last year the Governor vetoed AB 1853 and suggested that similar bill should be the result of collaboration between the retirement system and the County. SCERS does not yet know whether the County will support the bill. **CRCEA has gone on record in support. It is at the Senate PE & R Committee, and a hearing is set for on June 26.**

AB 1309 (Cooley). Existing law allow an employer to hire a retired member without reinstatement under certain conditions. This bill would require an employer to enroll a retired member employed without reinstatement solely for administrative recordkeeping purposes within 30 days of hire, and to report the pay rate and number of hours worked within 30 days of the last day of the pay period worked. Failure to report will result in PERS levying a fee which the employer will be prohibited from passing on to the employee. **The bill passed out of the Senate PE & R Committee on June 12 (5-0) and referred to the Senate Appr Committee, where a hearing is set for June 26.**

**ACA 15 (Brough) is a proposed constitutional amendment similar to SCA 10 (see below). The primary difference is that instead of a 2/3 vote requirement for approval of a retirement benefit increase, this proposal would only require a majority vote. It has not yet been assigned to a committee.**

**SB 32** (Moorlach) is entitled the California Pension Reform Act of 2018. It makes many changes to existing law. Among other things, it would create the Citizens' Pension Oversight Committee to serve in an advisory role to the boards of STRS and PERS and would require the committee, on or before January 1, 2019, and annually thereafter, to review the actual pension costs and obligations of PERS and STRS and report on these costs and obligations to the public and would require reports of audits of STRS and PERS conducted by public accountants not in public employment to be filed with the committee.

This bill would also require the PERS board to determine what the level of the unfunded liability of PERS was in 1980 and require the board to reduce the unfunded liability of PERS to that level, to be achieved by 2030, with the goal of fully funding PERS. The bill, in any year in which the unfunded actuarial liability of PERS is greater than zero, would require the board to increase the employer contribution rate otherwise provided by law for the state, contracting agencies, and school employers by 10 percent.

Additionally, this bill would require the board of PERS, on or before January 1, 2019, to develop and submit to the Legislature for approval a hybrid plan consisting of defined benefit and defined contribution components, as specified, and would require the plan to be applied to members who elect to be subject to the plan or who are first employed by the state, a contracting agency, or a school employer and become members of the system on or after the approval of the plan by the Legislature.

The bill would further require the PERS board, on or before January 1, 2019, to review the duties of officers and employees in positions included in the safety member classification pursuant to PERL and reclassify the positions according to specified criteria. The bill would apply this reclassification to persons who are first employed by the state and become state members of PERS on or after January 1, 2018.

This bill would also prohibit a public retirement board from deeming certain forms of pay to be pensionable compensation.

The bill, for an individual who becomes a member of any public retirement system for the first time on or after January 1, 2018, and who was not a member of any other public retirement system prior to that date, would require the final compensation used to determine the member's retirement benefits to be the highest annual pensionable compensation earned by the member during a period of at least 60 consecutive months (as compared to 3 years currently under PEPRA), or at least 5 consecutive school years if applicable. The bill would also provide that if the member leaves the employment of a public employer participating in a public retirement system for other employment and is subsequently reemployed by the public employer at least one year later, the member will be subject to the same benefits, contributions, and other terms and conditions applicable to an individual who becomes a member of the public retirement system for the first time on the date of the member's return, for service rendered on or after that date.

(Continued on page 7)

(Legislative Report continued from page 6)

In addition, the bill would prohibit a public retirement system from making a cost of living adjustment to any allowance payable to, or on behalf of, a person retired under the system, or to any survivor or beneficiary of a member or person retired under the system, for any year beginning on or after January 1, 2018, in which PERS or STRS is not fully funded. **Although reconsideration was granted after the bill failed to get out of the Senate PE & R Committee on April 24, the bill didn't get of the Senate by the deadline to pass out of the house of origin, so it is dead.**

**SB 371** (Moorlach) would prohibit a public employee who will be covered by an MOU from representing the public agency in negotiations with the employee organization. It was amended on April 17 by replacing "covered" with "affected, directly or indirectly", and defining those terms. **Although reconsideration was granted after the bill failed to get out of the Senate PE & R Committee on May 8, the bill didn't get of the Senate by the deadline to pass out of the house of origin, so it is dead.**

**SB 454** (Moorlach) would require the state, on and after January 1, 2018, to assume all responsibility for prefunding retiree health care and to require the state to prefund retiree health care for state employees, annuitants, and their beneficiaries with the goal of paying 100% of the actuarially determined normal costs by July 1, 2019. It would also require the state to pay unfunded liabilities that have accrued for retiree health care for state employees, annuitants, and their beneficiaries with the goal of paying 50% of the actuarially determined cost of these liabilities by January 1, 2022, and 100% of the actuarially determined cost of these liabilities by January 1, 2026. The bill was amended on April 6 by adding tables outlining the percentage of employer contribution payable for postemployment health benefits based on levels of service ranging from 50% for 15 years to 100% for 25 or more, for employees who begin work after January 1, 2018. **Although reconsideration was granted after the bill failed to get out of the Senate PE & R Committee on April 24, the bill didn't get of the Senate by the deadline to pass out of the house of origin, so it is dead.**

**SB 671** (Moorlach). Under current law, a county and only districts in San Bernardino County may make an advance payment of or all or part annual contributions to the retirement fund. This bill would extend that authority to all counties and districts. The bill would also authorize advance payment of all or part of a future year's contributions. The bill was amended on March 28 to provide that the authority to make advance payments does not prevent the board of supervisors or governing body of a district from making advance payments for the estimated annual county contributions for an additional year or years, for a county or a district, and extend the authority for advance payments to districts that are members of county retirement systems generally. Also, language was added to clarify that this authority also applied to advance payments pertaining to PEPRA employees, which had been overlooked in the original bill. The bill is supported by SACRS. **It was amended on April 24 and May 4 for clarification. The bill is at the Assembly PE, R &SS Committee, where a hearing is set for July 6.**

**SB 681** (Moorlach) was a spot bill but was amended on April 17 to require the Board of Administration of PERS to allow a contracting agency to terminate its contract with the system in a manner that does not result in excessive costs or penalties to the contracting agency, allows the contracting agency to withdraw its net assets paid into the system less payments made to its members and their beneficiaries, and ensures that the contracting agency remains responsible for its unfunded liabilities so that those liabilities are not shifted onto other PERS members or employers. Before a contracting agency would be eligible to terminate its contract, the bill would require a contract to have been in effect for at least 5 years and meet other notice and approval requirements. The bill also would require the agreement between the contracting agency and the board to contain provisions to protect the interests of the system, and would require a contracting agency, before terminating its contract, to determine how termination would affect the health care benefits of its members and, also, to determine the federal tax ramifications associated with its decision. **The bill didn't get of the Senate by the deadline to pass out of the house of origin, so it is dead.**

**SB 728** (Newman) would grant a state officer or employee who serves as a member of the National Guard or federal military reserve force who is called up to active military service and as a result sustains a military service-connected disability rated at 30% or more by the United States Department of Veterans Affairs an additional credit for sick leave with pay of up to 96 hours for the purpose of undergoing medical treatment for his or her military service-connected disability. The bill would require that the sick leave be credited to a qualifying officer or employee on the first day of his or her return to state employment and remain available for use for the following 12 months of employment. **The bill passed It passed out of the Senate Appr Committee on May 25 (7-0) and out of the Assembly (40-0) on May 31. It was sent to the Assembly PE, R & SS Committee on June 15.**

**SCA 8** (Moorlach) is a proposed constitutional amendment that would permit a government employer to reduce retirement benefits that are based on work not yet performed by an employee regardless of the date that the employee was first hired, notwithstanding other provisions of the California Constitution or any other law, and would prohibit it from being interpreted to permit the reduction of retirement benefits that a public employee has earned based on work that has been performed. **It would set aside the "California Rule".** **The bill is set for hearing on June 26 at the Senate PE & R Committee.**

SCA 10 (Moorlach) is a proposed constitutional amendment that would prohibit a government employer from providing public employees any retirement benefit increase **(including COLA increases)** until that increase is approved by a 2/3 vote of the electorate of the applicable jurisdiction and that vote is certified. The measure would define retirement benefit to mean any postemployment benefit and would define benefit increase as any change that increases the value of an employee's retirement benefit. Government employer would include, among others, the state and any of its subdivisions, cities, counties, school districts, special districts, the Regents of the University of California, and the California State University. **The bill is set for hearing on June 26 at the Senate PE & R Committee.**

## WHAM, SCAM, THANK YOU MA'AM!

**By David Green, CEO 1st Nor Cal Federal Credit Union**

We are surrounded by technology, (computers, iPads, smart phones, smart TVs, etc.), so we've come to enjoy and trust it. We get lots of email offers, snail mail offers, and finally people approach us with deals that sound good. In general, people naturally trust each other, and most people and systems are trustworthy.

Unfortunately, we also see lots of people being scammed in a variety of ways with growing creativity. Lots of information is available through public records, which can help a scammer sound credible.

At 1st Nor Cal, we see family members trying to rip off their parents' accounts by impersonating them because they have access to so much of the parents' information in the home. We report suspected elder abuse to Adult Protective Services.

Then there are the strangers and vendors who are looking for an easy target. Here are some typical consumer scams:

1. Roofing/home repair/ pest control companies may overcharge, may not finish a job, or may not have the skills to do the job they bid. Always get more than one bid and use a trusted, well-known company. Get everything in writing, and be sure to check with the contractor's licensing board (http://www.cslb.ca.gov or (800) 321-CSLB (2752) to make sure the individual or company is licensed, bonded and insured. Do not give more than 1/3 of the total cost of the service as a deposit. Never pay the entire sum in advance, and use a credit card if possible.
2. Fake companies send fake emails to make extravagant offers or use exaggerated scare tactics. If you get a bill or an offer from a company that is not familiar to you, don't give them any personal information or money. Even if they say they are from the I.R.S., tell them you will call back. Contact the public I.R.S. phone number and verify the information.
3. Fake "survey companies" will call or email and offer money if you take their survey, which will probably involve you giving them your social security number and bank account info. Simply hit delete if it's by email or hit disconnect if by phone.
4. Scammers call grandparents and say that their grandchild is in jail or the hospital and needs money. The grandparents panic and wire funds. Don't panic! Take the time to call other relatives to verify the situation.

Recently the family member ransom ploy has been in the news. Similar to the previous approach, the caller will say they are holding the family member for ransom and demand money for their release. Demand to talk to the family member. Have someone try to contact you family member immediately to confirm they are safe. They scammers will start to make excuses, and this is when you will know you are being scammed. The scammers can get information that the family member will be traveling in a specific country from various online social web sites. If the scammer knows this, it will make their demand seem all the more legitimate. Don't post your travel plans on social media.

The list goes on and on. Some of the scams are well-worn, but new and innovative ones are being hatched regularly.

Be on the alert when something sounds or "feels funny" to you. We all have a natural defense system in our brains that warns us when something isn't right, but sometimes we choose to override that feeling because we don't want to look ignorant, uniformed, uncaring, or you don't want to miss the chance at a great bargain. Remember that if you refuse the scammer, it makes YOU the smart one.

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## THE MYSTERY OF RMD (Required Minimum Distribution)

by David Green, President and CEO 1st Nor Cal Credit Union

Very few things in life are more mysterious than the Required Minimum Distribution (RMD) from a traditional IRA or 401(k) retirement account. From 1875 when American Express created the first pension plan, there have been several significant changes to retirement distribution rules. In 1956, the IRS ruled that distribution should only be allowed when employment ends due to retirement, disability, or death. The 1982 Tax Equity and Fiscal Responsibility Act amended the rules to require distributions to "key" employees at age 70 ½ and to other employees the later of the tax year in which the employee turns 70 ½ or retires. The Deficit Reduction Act of 1984 clarified the definition of key employees to "five percent owners." Finally, the Tax Reform Act of 1986 modified the RMD rules that stand today.

Basically, the RMD is the amount that Traditional, SEP, or SIMPLE IRA owners and qualified plan participants must begin distributing from their retirement accounts by April 1st following the year they reach age 70 ½. Roth IRAs do not require withdrawals until after the death of the owner. RMD rules also apply to 403(b), 457(b), profit sharing, and other defined contribution plans.

The amount of the RMD is actuarially calculated based on the individual's age and account value. For example, at age 70 based on an assumed distribution period of 27.4 years, the RMD would be approximately 3.65% of the account value. Each succeeding year, the distribution period slightly decreases. If the individual is lucky enough to live to be 115 based on an assumed distribution period of 1.9 years, the RMD would be roughly 52.63% of the account value. Theoretically, the account will never go down to zero unless the accountholder withdraws more than the RMD.

There are no exceptions to RMD. If the individual has multiple tax-deferred retirement plans, they must take the RMD from each plan once they turn 70 ½. The consequences for failing to take RMDs are huge. If a distribution is not taken or is not large enough, a 50% excise tax may be imposed by the IRS. If the account owner dies, the RMD would be what the deceased would have received. In future years, the RMD will depend on the identity of the designated beneficiary. Spouses and other beneficiaries are treated differently for RMD purposes. IRS Publication 590-B has more detailed information.

Actually, once it's broken down, RMD rules are pretty simple. There's no need to break out the calculator from the basement to compute RMD. A good tax advisor or financial planner can give the account owner a customized RMD schedule. There are also several excellent financial websites online which will help you with this task. One such site is Bankrate.com (http://www.bankrate.com/calculators/retirement/ira-minimum-distribution-calculator-tool.aspx