

NSEA-RETIRED ADVOCATE

Check us out at www.nsea.org/retired

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ERISA's Impact on Retirement Security

Retirement planning in the private sector used to be simple. You worked hard for a long career, paid into your retirement plan at work every month, and retired with a guaranteed lifetime income at age 65. The gold watch from your employer was optional, but the retirement income was not; your retirement income was guaranteed by your employer. That time, unfortunately, is now in the distant past.

In the middle of the 1900s, corporations provided guaranteed, defined-benefit retirement plans as a way to attract and retain a valuable workforce. Some corporations funded their retirement plans properly while others took the view that paying for a retirement benefit would be someone else's problem in the distant future. In fact, a fully-funded pension system appeared to be "free money" to corporate raiders. Corporate raiders routinely bought companies, dismantled them, sold off the parts of the company that were profitable, and kept the pension money as a bonus for their ill deeds. Those kinds of actions inspired political leaders to write a law that would guarantee that pension money would be used to pay retirement incomes to the workers who had given their life's work to the company and invested their life's savings in the company retirement plan. The law is known as the Employee Retirement Income Security Act (ERISA), which was signed into law by President Gerald Ford in 1974, some forty years ago.

ERISA had bipartisan support in both the U.S. House and Senate. The basic reforms were quite simple and understandable: pension promises were required to vest (that is, workers had a right to collect their pension after working for a set number of years); the pensions had to be funded; and the pension funds had to be invested for the benefit of the participants, not the employer. ERISA strengthened retirement security for private-sector workers, at least at first.

One creation of ERISA was the Pension Benefit Guarantee Corporation, PBGC. This corporation was created to encourage the continuation of private-sector defined-benefit retirement plans by providing affordable insurance that would guarantee the pension benefits for workers of corporations that went bankrupt or were the victims of hostile takeovers. PBGC now guarantees pensions for about 45 million workers and retirees in over 30,000 different retirement plans.

In the 1980s, men like Carl Icahn and T. Boone Pickens took corporate raiding to new levels. Icahn got his reputation as a ruthless corporate raider when he took control of Trans World Airlines (TWA), sold the assets to pay for the loans he got to buy the company, kept the pension account, and then turned his eyes to U.S. Steel. Pickens then went after Gulf Oil.

As corporate raiders and bad pension-fund management became more widespread, ERISA added more regulations to "keep the pension plans whole." Funding requirements were tightened and fiduciary requirements became more stringent. Companies began to hire experts to change their pension plans,



Roger Rea,
NSEA-Retired
President

claiming that they were doing it to make themselves more modern and positioned for a more mobile work force. They slashed and burned through their employees' benefits, leaving former workers either relying solely on Social Security or completely destitute. They found loopholes, abused ambiguous regulations, and used litigation to turn workers' hard-earned pension benefits into corporate profits. All of this leaves a huge burden on taxpayers to care for the now-destitute retirees—a problem that will only grow as the baby-boomer generation reaches retirement age.

Now, forty years after ERISA was enacted, we have less retirement security, not more. What's changed? Back in 1974, most people with an employer-sponsored retirement plan had defined-benefit pensions with a guaranteed lifetime income. Today, most people have savings accounts that do not provide a guaranteed lifetime income. ERISA's basic purpose, to provide guaranteed lifetime income security in retirement, is all but lost for many workers.

In the coming year, you may hear about the need for pension reform. You'll likely hear the claim that workers want to have control over their own retirement accounts so they can be more mobile. It will probably be said that we simply cannot afford our current retirement system, that it is "unsustainable." Those arguments were all made as corporations dismantled their defined-benefit retirement plans. The arguments are as untrue now as they were then. The "pension crisis" in the private sector was a manufactured crisis. It did not need to happen, it was not an accident, and it has profited companies greatly at the expense of their workers.

Keep the basic premise of ERISA in mind: workers deserve to have guaranteed lifetime income security in retirement. That kind of security is only provided by a defined-benefit retirement plan. Be wary of anyone who tries to change or destroy our retirement system in the name of "pension reform."

Lobby Day Set for February 3rd

By: Roger Rea, NSEA-Retired President

On Tuesday, February 3, NSEA-Retired members will gather in Lincoln to address legislative concerns. Of particular concern to retirees is the taxation of Social Security benefits. The legislature passed LB 987 last year, which reduced the tax burden on Social Security beneficiaries. Further details on the provisions of LB 987 are found in the following article in this newsletter. NSEA-Retired members will also visit with senators about bills that NSEA has identified as priority bills for education interests on Lobby Day.

Lobby Day will start with an issue awareness training to familiarize NSEA-Retired members with the bills that are up for consideration this year. First-time attendees to Lobby Day will have an orientation session at 8:30 a.m. on how to effectively lobby your senators prior to the issue awareness session. Registration and training will take place in the 4th floor conference room of NSEA, 605 S. 14th Street, Lincoln, NE. The tentative agenda for Lobby Day is:

8:15 a.m. – Registration and coffee

8:30 a.m. – First-time lobbyist training (on 3rd floor)

9:00 a.m. – Issue awareness training

10:15 a.m. – Observe Unicameral and visit with Senators

Noon – Lunch at NSEA; Sen. Galen Hadley, guest speaker

1:30 p.m. – Dessert and celebration of 30th Anniversary of NSEA-Retired

There is no registration fee for members to attend Lobby Day. Guests are asked to pay \$10 to cover the costs of the program.

Please register for Lobby Day on the NSEA-Retired web page, www.nsea.org/retired, or call Rebecca Smith at 1.800.742.0047. The deadline for registration and to attend the luncheon is Friday, Jan. 30.

Parking around the NSEA building during the legislative session is tight. NSEA-Retired members who attend Lobby Day are asked to park on the east side of the Trinity Lutheran Church parking lot at 724 S. 12th Street (12th and H streets), about three blocks from the Capitol. Please do **not** park in any space marked "Reserved."

Taxation of Social Security on Agenda for Lobby Day

By: Roger Rea, NSEA-Retired President

Nebraska lawmakers have never made a policy decision to tax Social Security benefits. Prior to 1983, there was no federal or state income tax applied to Social Security benefits. When a federal income tax was applied to Social Security benefits in 1984, Nebraska got

a "windfall benefit" because the Nebraska income tax, at that time, was simply a percentage of the federal tax liability (which included a portion of your Social Security income). Nebraska stopped calculating state income tax liability as a percentage of the federal tax

liability in the 1990's. Unlike many states, however, Nebraska did not specifically exempt Social Security income from state income tax when it did so.

Nebraska residents over 65 pay state income tax on their Social Security benefits if their combined income (a total of adjusted gross income, interest on tax-exempt bonds, and 50% of Social Security income) exceeds \$25,000 for a single tax filer, or \$32,000 for a married couple filing jointly. Those threshold income amounts have never been adjusted for inflation. Last spring the Unicameral passed LB 987, which will automatically adjust all income tax brackets for inflation beginning with the 2015 tax year. The adjustments to the tax brackets are modest, raising the threshold incomes in each tax bracket by just a few hundred dollars. But the cumulative effect of indexing those threshold incomes for inflation over time will be significant.

LB 987 also will provide tax relief for citizens receiving Social Security by raising the threshold income before Social Security benefits are taxed from \$25,000 to \$43,000 (for single filers); and from \$32,000 to \$58,000 (for married filers). However, unlike the indexing of tax brackets, the new threshold incomes for taxing Social Security are not indexed for inflation going forward.

Members of the coalition working to reduce the tax burden on seniors have asked to have two bills introduced during the 2015 Unicameral session. One bill would index the new threshold incomes to inflation going forward, and would gradually phase in the taxation of Social Security benefits so that individuals making \$1 more than the threshold income would not have their entire Social Security benefit taxed.

If the threshold incomes for taxing Social Security had been indexed for inflation, the 1984 threshold level of \$25,000 for a single individual would be \$57,043 in 2014, and the \$32,000 income for a married couple would be \$73,015. Members of the coalition working to reduce the tax burden on seniors believe that the new threshold AGIs of \$43,000 for a single individual and \$58,000 for a married couple are too low to provide fair or meaningful tax relief for seniors. A second bill would increase those threshold incomes to \$60,000 for single taxpayers and \$75,000 for married taxpayers filing jointly.

NSEA-Retired Lobby Day on February 3, will provide members the opportunity to talk with senators about these and other bills. The schedule for Lobby Day is found on the preceding page of this newsletter.

NSEA-Retired BlueSenior Classic Rates for 2015

By: Roger Rea, NSEA-Retired President

NSEA-Retired members who are older than 65 and insured through NSEA-Retired BlueSenior Classic, the Medicare supplement that is endorsed by NSEA-Retired and underwritten by Blue Cross of Nebraska, will see a slight increase in rates for 2015. Due to a billing error, throughout 2014 subscribers were billed at a lower amount than had been approved for the 2014 plan year. The rates that will be billed, starting January 2015, are the correct rates for 2015, and they are the same rates that were approved and should have been billed for 2014. Blue Cross of Nebraska apologizes for any inconvenience the billing error may have caused, and will not attempt to collect for the underpayments for 2014. A letter explaining the error has been sent to all subscribers, along with a chart showing the corrected rates for 2015.

NSEA-Retired BlueSenior Classic has had low rate increases for the past eight years, thanks to careful utilization of the benefits by the subscribers. In the past eight years, the general medical premium increase was 9% once,

1% once, 0% during five of the eight years, and a decrease of 0.5% once!

Subscribers to NSEA-Retired BlueSenior Classic are rated by age band, rather than by individual ages. The age bands (i.e. ages that have the same premium) are: 65-66; 67-69; 70-74; 75-79; 80-84; and 85+. Members whose birthday puts them in a new age band will see an increase in premiums in the month of their birthday. The corrected rate chart for 2015 can be found on the NSEA-Retired web page, www.nsea.org/retired. Scroll down the page to find the link to the Medicare supplement rates.

NSEA-Retired BlueSenior Classic has optional dental coverage. It is the only Medicare supplement that has dental coverage as part of the supplement itself. The dental coverage is the same PPO dental coverage that retirees younger than 65 have in their EHA insurance product. If you decline dental coverage when you first enroll in NSEA-Retired BlueSenior Classic, you will not be allowed to add dental coverage in the future.

NSEA-Retired turns 30!

By: Roger Rea, NSEA-Retired President

Ten dedicated Nebraska educators met thirty years ago to explore starting one of the first state-wide retired organizations for the National Education Association. On September 14, 1985 they signed the first charter for NSEA-Retired, with the mission of advancing quality education in Nebraska and protecting retirement benefits for all retired school employees. Thirty years later our membership has grown to more than 5,400 retirees. More than 400 pre-retired lifetime subscribers have pre-paid their dues in anticipation of having full membership benefits in the NEA-Retired and NSEA-Retired, once they do retire, without any additional payment of annual retired dues.

NSEA-Retired is celebrating its thirtieth anniversary during 2015. We will recognize the anniversary at our Lobby Day in February and at our Spring Conference in April. We plan a short celebration at NSEA Delegate Assembly this April, and will finish the year with a more formal celebration at our fall conference next year (date and location to be determined).

Part of the celebration will be a push for lifetime membership in the retired organizations for active

NSEA members. Current lifetime dues for NEA-Retired/NSEA-Retired are \$450 (local retired dues amounts vary and can increase that amount by \$100). We learned last summer that there will likely be an increase in the lifetime dues amounts in 2016 or 2017. Current active NSEA members, as well as annual members for NSEA-Retired, can beat the dues increase by going to our web page, www.nsea.org/retired, clicking on the "Join Now" tab on the left and completing the membership application on-line. Lifetime dues can be spread over five months (at \$90 per month) to make the payment of life dues more affordable.

When you talk with active members, please encourage them to become pre-retired, lifetime members of NSEA-Retired/NEA-Retired. If you are an annual member of NSEA-Retired, consider joining as a life member – as such, you will no longer be billed for annual retired dues. The more members we have, the greater our political clout will be, and the more we will be able to help retirees in Nebraska.

Medicare and EHA Seminars Prove Popular

By: Roger Rea, NSEA-Retired President

Medicare Part D, the prescription drug benefit for Medicare subscribers, has an open enrollment period every year from October 15 to December 7. During that time frame, all Medicare subscribers are encouraged to visit the Medicare web site, www.medicare.gov, enter the prescription medications they use, and find a provider for the coming year that covers those medications. Each year there are changes in the formularies that the various providers for prescription drug coverage use, and many Medicare subscribers change medications during the year. The open enrollment period allows Medicare subscribers to change providers each year without penalty, so long as they make their new elections during the open enrollment period. This allows them to take into account changes in their medication use and/or changes in the formulary used by the provider.

NSEA-Retired and Blue Cross of Nebraska have teamed up for the past several years to provide information seminars on the changes in both Medicare and Medicare Part D to our members. The 29 Medicare Part D drug plans available in Nebraska have premiums ranging from \$15.70 to \$139.20 per month. The deductibles for the plans vary from zero dollars to \$320. Not all drugs are covered by all of the providers, and the pricing for the same drugs is not the same for all providers. The seminars demonstrated how to use the

Medicare web site to find the best Medicare Part D provider for each individual.

In addition, NSEA-Retired members who are younger than 65 have four insurance options available to them from the Educators Health Alliance, EHA. The differences in coverage levels and premiums for the various options were explained at the seminars, as well as how to take maximum advantage of Health Savings Accounts for subscribers who choose one of the High Deductible Health Plans that qualifies for a Health Savings Account, HSA.



Roger Rea presents information about Medicare in Kearney

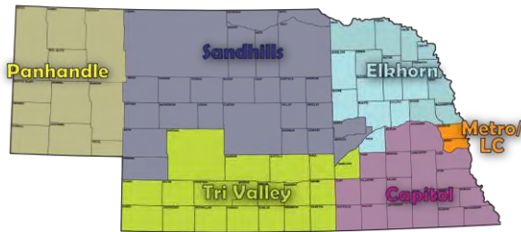
All of the handouts from both seminars are now posted on the NSEA-Retired web site, www.nsea.org/retired. Members who are approaching Medicare eligibility are encouraged to visit the web page to download and review the Medicare seminar materials before they sign up for Medicare. Members, younger than 65, are encouraged to visit the web site to review their EHA insurance options, too.

A total of 383 NSEA-Retired members and spouses attended the four seminars this year. The seminars will be updated and repeated again next fall.

NSEA-Retired 2015 Elections – Nomination Forms are On-line Now!

By: Roger Rea, NSEA-Retired President

NSEA-Retired will hold state-wide elections in March for delegates to NSEA Delegate Assembly, NEA Representative Assembly, and one District Director from Metro District. The Metro District Director for the Board of Directors is a three-year term, beginning Aug. 15, 2015. NSEA Delegate Assembly will be held in Lincoln on April 24 -25, 2015. NEA Representative Assembly will be held in Orlando, FL from July 1-6, 2015.



The final number of NSEA-Retired delegates to NSEA Delegate Assembly will be determined by the membership report in January 2015. Unless membership numbers change significantly, seventeen NSEA-Retired delegates to NSEA Delegate Assembly will be elected as follows: Metro District, five; Capitol District, four; Elkhorn District, two; Tri Valley District, three; Panhandle District, one; Sandhills District, one; and one at-large, state-wide delegate. A member filing as a district delegate may also file for the at-large delegate position. Candidates for office must reside in the district for which they file for election. See the map for the district boundaries.

Five NSEA-Retired delegates will be elected to attend NEA Representative Assembly. Three delegates will be elected as state-wide, at-large delegates. One delegate will be elected by the combined retired membership of Capitol, Elkhorn, Panhandle, Sandhills, and Tri Valley Districts; and one delegate will be elected by the retired membership in Metro District. A member filing as a district delegate candidate may also file as an at-large delegate candidate.

The president of NSEA-Retired serves as a delegate to both NSEA Delegate Assembly and NEA Representative Assembly by virtue of office.

Members of NSEA-Retired who wish to be candidates for any of the positions up for election must complete and return a nomination form before Friday, Feb. 6. Members filing for Metro District Director or as a candidate for NEA Representative Assembly must also submit a biography of no more than 50 words.

Nomination forms can be found on-line at www.nsea.org/retired. The nomination forms are pdf files, and can be completed and downloaded on-line. The completed forms can either be emailed (as an attachment) to rebecca.smith@nsea.org or mailed to her at the address listed on the form. Names of candidates filing for election will be posted on the NSEA-Retired web page and updated each Friday until the filing deadline. You may call Rebecca at 1.800.742.0047 if you need additional information.

Outreach to Teach 2014: Minden, NE



Each year the Student Education Association of Nebraska (SEAN) spruces up a school building near their fall conference site. This year SEAN members worked on C. L. Jones Middle School in Minden. Outreach to Teach is modeled after the project hosted by the National Education Association at NEA's annual summer meeting. NSEA-Retired has supported the SEAN Outreach to Teach Project every year with a donation and volunteers to help do the work.

Save the date!

NSEA-Retired Spring Conference

Where: St. Benedict Center, 1126 Road "I"

Schuyler, NE (About 5 miles north of Schuyler)

When: Thursday, April 23, 2015

Time: 8:30 a.m. – 3:30 p.m.

Keynote speaker, Spotlight on Nebraska session, and MORE....

Planned Breakout Sessions:

Estate and Financial Planning; Health Insurance After Retirement (EHA options and Medicare transition); Tracing Your Family Tree; Finding Fun in Nebraska State Parks; Hosting a Willie Nelson Concert in My Cornfield; and MORE....

No cost for members: Non-members and guests pay \$10 per person

Full agenda available on-line about March 20

On-line registration begins after March 20

www.nsea.org/retired

Or: Call or email Rebecca at 1.800.742.0047 or rebecca.smith@nsea.org

Intergenerational Mentoring Project:

SIGN UP TODAY!

by Renae Kelly



Remember all the help you had when you began teaching? Now this is your chance to "complete the circle" by helping a future teacher! The NSEA-Retired Intergenerational Mentoring Project brings together NSEA-Retired members and student NSEA members in their junior year in teacher education. NSEA-Retired members act as mentors to the student members from their junior year through their senior student teaching semester and their first year as professional teachers

Each year NSEA-Retired joins with the Student Education Association of Nebraska (SEAN) to link retirees with SEAN members to help them make the transition from being a full-time student to becoming a full-time teacher.

To continue this very successful project, the Team needs retired teachers who still want to work with young people and who want to continue their contributions to public education to volunteer for the program. If you are interested contact Duane Obermier for Application Brochures, or apply online at bit.ly/IGMentor

Friday, Mar 20, 2015: 1:00 PM – 7:30 PM

Saturday, Mar 21, 2015: 8:30 AM – 1:00 PM

Workshop held in Lincoln at NSEA

Must be in attendance both days. All meals provided.

A Housing & Gas Stipend for participants, based on location.

To apply to be a mentor, go to: bit.ly/IGMentor

For more information, contact: Duane Obermier at 1.800.742.0047
or email: duane.obermier@nsea.org

2014 Fall Conference Highlights



Several conference attendees gathered for a preconference meeting and chat with State Board of Education candidates: Molly O'Holleran, Maureen Nickels, and Bob Meyers.



Rebecca Smith, Pat Etherton, and Guy Roggenkamp ready to greet attendees.



Members gather to await the start of the Fall Conference visiting, renewing old friendships, and reviewing the day's agenda.



SPOTLIGHT on NE: Walt Miller shared his passion for the historical site in Hastings that was home to Naval Ammunitions during World War II.



Art Tanderup (in red cap) has had quite an experience working with various groups to protect his farmland and the precious Nebraska aquifer. He hosted the Harvest of Hope Concert starring Willie Nelson and Neal Young (seated) on his farm near Neligh.



Rebecca Smith, Duane Obermier, and Mo Nickels pose for "changing of the guard" for NSEA-Retired. Mo worked with NSEA-Retired from 2001-2014, and was recently elected to serve on the Nebraska State Board of Education. Duane, who is a former president of NSEA, has assumed her responsibilities with NSEA-Retired. Rebecca has worked with NSEA-Retired for the past six years.

On the inside....



NSEA Retired Elections

**Nominations for NSEA Retired Elections Will Be Accepted
Starting in January**

Openings include:

1. Metro District Director for the NSEA-Retired Board of Directors.
2. Delegates to NSEA Delegate Assembly in Lincoln, April 24-25.
3. Delegates to NEA Representative Assembly in Orlando, July 1-6

Nomination details and forms will be available in late January at:
www.nsea.org/retired (See p. 5 for details).

**Annual Lobby Day
February 3, 2015
At the NSEA Office
Lincoln, NE**

Registration information will be available in late January
at: www.nsea.org/retired (See p. 2 for details).

