

ENGINEERING RETIREES SOCIETY

Quarterly Meeting

March 2011

The quarterly meeting is on March 3, 2011, at 12:30 p.m. This will be a split meeting between SPEEA Tukwila and Everett Halls with teleconferencing, so come and enjoy. Come early (12 noon) for sandwiches, coffee and other goodies. **This will be our first Bring-a-Friend day.**

Guest speaker

The speaker for this quarterly meeting is **Jim Davies** from Albertsons Law Group. He will talk about how the new tax laws, effective Jan. 1, 2011, affect retirees.

Investment meetings

Investment group meetings are held at the SPEEA office in Tukwila. We meet at 12 noon for sandwiches, chips, cookies and drinks and a speaker at 12:30 p.m. There has been a change in our speaker schedule because **Meena Cheng** has to take a trip to accept the D.A. Davidson award for outstanding community service. I have rescheduled Meena for our March 17 meeting. Meena has a blog **www.fortuneinyourcookies.com**, which she invited us to check out. We have quite a few couples at the meetings, so bring your partner and your best friends.

- **Dave Watt**, Investments co-chair

Boeing Gift Match Funds

Please be aware that the method for obtaining Boeing Gift Match Funds for charitable contributions has changed. It is now done over the internet through the Boeing Total Access web site. The list of eligible organizations is also shown there.

From the president's corner

I hope everyone was able to get together with family and friends during the year-end holidays. Romaine and I had the joy of our two daughters and their families staying with us off and on for two weeks.

Dwight Rousu, Romaine, and I returned from the National Retirees Legislative Network (NRLN) annual meeting and a day of lobbying on Capitol Hill in Washington, D.C. One focus for NRLN and ERS for this year is to expand our grass-roots network by contacting our U.S. representatives through their home offices, attending town hall meetings, taking part in conference calls, encouraging others to sign up for "capwiz", and consistently responding to action alerts. Each alert has a message that the congressional staffer needs to read, but it is good to personalize the message. It could be as little as writing something such as, "I worked for Boeing for 35 years and am very concerned that my earned pension and health benefits will be protected, which includes the following problem." Our ERS Legislative and Public Affairs Committee will be filling open NRLN grass-roots leader spots in our eight Washington con-

Elected officers are:

President	DAVE WATT 425-868-5603
Vice President	DWIGHT ROUSU
Secretary	JIM EWING
Treasurer	ED STANLEY
Steering Board Chair	DAVE HUNTMAN 425-868-0961 davidhuntman@comcast.net
SPEEA Contact	Dawn Hanks dawnh@speea.org
The current appointed Committee Chairs and Reps as follows:	
Badges	Tom Mechler
Communications (website)	David Westman/Stam Lind
Finance	Stuart Buchan
Governing Doc.	Ken Frazier
Insurance	Dick Ferguson
Investments	Dave Watt/Ken Kuehnl
Membership	Joe Gregg
Nominations & Elections	OPEN
NRLN/ARA Liaison	Dave Watt
Pension	David Westman
Programs	Dave Watt
Refreshments	John Meeker/Dave Huntman
Service	Gary Palmer
Social	Dave Huntman
SPEEA Liaison	Dick Ferguson
Sunshine	Charles Hennig
Taxation	OPEN
Travel	Gary Palmer

We wish to thank all the people who fill chair positions and invite others to apply for those that are not yet filled.

- **Dave Watt**, president

gressional districts.

At the D.C. meeting, we split into two groups to better understand the focus of legislative agenda items for our lobbying. For the focus on health care and pension protection, please review the NRLN report that follows.

For a more extensive trip report, including the congressional offices we visited and the meeting agenda, see our website engineeringretirees.org.

Have a great day!

- **Dave Watt**

ERS/NRLN meeting with lawmakers in Washington, D.C.

The ERS is partnered with the National Retirees Legislative Network (NRLN) to work on protecting pensions and health care for retirees. The week of Jan. 17, ERS President **Dave Watt**, his wife **Romayne**, and ERS Vice President **Dwight Rousu** traveled to Washington, D.C., to participate in NRLN meetings and to visit legislators on Capitol Hill to communicate our concerns and issues. This photo was taken at our meeting with Rep. **Dave Reichert** (WA-8). Reichert voiced support for our issues supporting pensions.

- **Dwight Rousu**, ERS vice president



(Shown from left): **Romayne Watt**, **Dwight Rousu**, **Rep. Reichert**, **Judy Stenberg** (NRLN NW regional vice president), and **Dave Watt**.

NRLN 2011 Legislative Agenda - Top Initiatives Summary

National Retirees Legislative Network (NRLN) published in-depth reports (white papers) on the initiatives marked with an asterisk below. To read, go to the Legislative Agenda link at www.nrln.org.

PROTECTION AND ENHANCEMENT OF RETIREE INCOME

- **PENSION ASSET PROTECTION (PAP)*:** NRLN advocates legislation that stops corporations from taking pension assets from defined pension plan trusts to pay for lump-sum severance and early retirement incentives; that pension funds not be used to pay executive non-qualified pensions/deferred compensation and that pension plan assets not be transferred to or be taken over by third parties.
- **PBGC REFORM*:** NRLN advocates that the Pension Benefits Guaranty Corporation be required to ensure equitable calculations of benefit payments earned by retirees, as required by ERISA.
- **BANKRUPTCY REFORM*:** NRLN advocates that bankruptcy reform is needed that places retirees' pensions and benefits on a list of obligations that companies can't shed while in the bankruptcy process. Retirees often lose pension, health care, and other benefits and, unlike secured creditors, rarely have the ability to recover losses.
- **PROTECT RETIREEES IN MERGERS & ACQUISITIONS:** NRLN advocates legislation that clarifies what a parent foreign owner's pension plan obligations are and that the foreign owner must abide by ERISA rules should its U.S. subsidiary be spun off or dissolved. All U.S. based assets under control of a foreign owner must be able to be seized to satisfy ERISA funding obligations. Pension plan fiduciaries should be required to be American citizens. Clarifications must include situations where foreign corporations that own U.S. subsidiaries are also acquired by a third party, foreign-owned corporation.
- **SOCIAL SECURITY REFORM:** The NRLN advocates legislation that requires Social Security to become financially sound without reducing current and future retiree benefits.
- **CASH BALANCE PLANS:** The NRLN advocates for the elimination of "wear-away" rules contained in cash-balance plans.
- **TAXING HEALTH CARE BENEFITS:** The NRLN advocates that the portion of premiums paid by employers that is currently treated as a tax-free benefit to employees and retirees remain tax free.
- **DEDUCTIBILITY OF HEALTH CARE COSTS:** The NRLN advocates that health care and Medicare premiums paid by individuals be tax deductible in the same manner that health insurance premiums for the self-employed are deductible. Such deductions would be exempt from the 7.5% (AGI) limitation.
- **HEALTH SAVINGS ACCOUNTS (HSAs):** The NRLN advocates changing the IRS Code of 1986 to allow HSA funding directly from IRAs for all years, not one year, without tax penalties and limits on annual contributions.
- **WITHDRAWALS TO PAY RETIREE HEALTH PREMIUMS:** The NRLN advocates for penalty-free withdrawals from 401k, IRA, SEP and other qualified accounts to pay retiree health care premiums.
- **TAXING SOCIAL SECURITY INCOME:** The NRLN advocates legislation to amend the tax codes to eliminate federal and state taxes on all Social Security income and/or allow a tax credit for taxes withheld.

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PROTECTION AND ENHANCEMENT OF RETIREE HEALTH CARE:

- **MAINTENANCE OF COST PROTECTION (MCP)*:** NRLN advocates a Maintenance of Cost Protection proposal that would establish a fixed monthly payment to retirees equivalent to the value of the benefits an employer provided prior to the reduction / cancellation of retirement health care, prescription drugs, life insurance, long-term care or other benefits. Companies would be entitled to tax credits as an offset to MCP payments.
- **REDUCE THE COST OF PRESCRIPTION DRUGS*:** NRLN advocates for the reduction of prescription drug costs through passage of legislation that: (1) Enables re-importation and importation of safe prescription drugs approved by the FDA; (2) Enables Medicare to develop formularies and take competitive bids for prescription drugs; (3) Staffs and funds the FDA to reduce generic drug approval backlogs; (4) Prevents drug companies from colluding to control pricing or subvert free markets.
- **MEDICARE BUY-IN FOR AGES 55-64*:** NRLN advocates that people age 55 to 64 be allowed to buy Medicare coverage at a cost that does not burden the Medicare system. Could be limited to individuals without access to an employer-sponsored or other group health plan that is actuarially equivalent or superior to Medicare.
- **INCLUSION OF CATASTROPHIC COVERAGE IN MEDICARE*:** The NRLN advocates that Congress extend protection against catastrophic medical costs to the Medicare eligible population by setting a reasonable maximum limit on out-of-pocket costs.
- **ELIMINATE HEALTH CARE STATUTE INEQUITIES:** NRLN advocates that provisions in statutes (i.e., Sec 720 of ERISA) that allow denial of protections otherwise enacted by Congress must be stricken from such statutes. Denying enacted benefit coverage to retirees, simply because they are members of retiree only plans, where such protections are otherwise afforded to younger active employees or retirees is discriminatory, is unjust and is bad policy.
- **PROTECTION OF MEDICARE BENEFITS:** NRLN advocates that Congress guard against reductions in Medicare benefits that would negatively impact the care retirees receive from doctors, hospitals, prescription drug suppliers and other providers.
- **ENCOURAGE RETENTION OF COMPANY-PROVIDED HEALTH CARE FOR RETIREEES:** NRLN advocates for increases in the Medicare Part D prescription plan subsidy paid to employers who offer better coverage than required for equivalent coverage in Part D, if they agree to maintain their current plans.
- **COMPANY BENEFITS BUNDLING:** The NRLN advocates for legislation to prohibit companies from forcing retirees to choose between company pre-determined bundles of plans or none of their sponsored Health Care or Prescription Drug Plans. Bundling practices hold retirees hostage to such plans.

NRLN MEMBERSHIP CONTRIBUTION

The NRLN is a nonprofit, tax-exempt organization. Contributions are not tax deductible.

Name: _____ Age: __under 55; __ 55-64; __ 65 or over

Address: _____ City: _____ State: __ Zip: _____ Zip + 4: _____

Phone: _____ Email Address (if available): _____

I get my retirement benefits from _____ (name of company)

Mail this form with your check or money order (no cash please) for \$25, \$50, \$75 or more (any amount will be appreciated) payable to **NRLN, Inc., P.O. Box 18757, Washington, D.C. 20036-8757**

(The ERS board recommends that you join the NRLN as an individual member. You will receive their newsletter in a more timely fashion than is possible when we reprint it in this newsletter. It will keep you up to date on their activities on your behalf. Please give serious thought to joining! For more information call 1-866-360-7197 or go to their website at **www.nrln.org**).

ERS website

The ERS Web site is up and functioning at:
ENGINEERINGRETIRES.ORG

Click on "ENTER WEBSITE HERE". From there, you just choose what you want to see, such as 'NEWSLETTER', and you will see the most up-to-date information. Also the NRLN website may be accessed from our site.

Current email address

Please make sure we have your current e-mail address.

Now that we are online, all members with e-mail addresses on file will receive an e-mail stating the newsletter has been posted to the web for viewing. This is about half of the membership. The savings will be about \$400 per quarter by reducing to 50% the number of newsletters to be mailed.

Bounced emails: The following people's e-mail addresses were bounced at previous mailings: **John Ballo, John S. Barger, Brann Brooks, John Eberly, Robert E. Fry, Al Glencross, Robert L. Herschkowitz, Leon Hill, D. Gene Ingram, James Jollimore, John Koslosky, Sandra L. LaGrone, Don Mackenzie, Unn Maeland, Michael F. Melary, Glenn E. Miller, Gerald J. Mollen, John Monk, Bobby J. Mulkey, Paul P. Piguet, Carol J. Pinnon, Richard L. Potter, James H. Roberts, Ruth P. Shaffer, George A. Smith, Wilson H. Smyth, George Swinford, Patriick D. Thiel, Irene R. Vermillion, and Edward J. Yarkosky.**

Hard copies will be sent for a short period, after which newsletter communication will cease. Please send your corrected e-mail to **Stan Lind** at **stanlind@verizon.net**. Please also notify **Dave Huntman** at **davidhuntman@comcast.net** so your name may be deleted from the list of bounced emails. We apologize if the errors are due to our typing.

(As always this data is not made available to the public for any reason)

- **Stan Lind**, Assistant Web master

New Health Care Website

Please don't forget about the new Health Care Website: The U.S. Department of Health and Human Services has launched a new site: **www.healthcare.gov**.

Badge update

The following is a list of names for which ERS has purchased name badges for general meetings. They have not yet been picked up. It would be appreciated by the Badge Committee if the named persons retrieve their respective badges.

George Alavi, John Bent, Wamam Bhat, Bill Blazer, Amiel Forshee, Claudia Gillespie, Sharon Gustafson, Ken Haliburton, Meech Houghton, Sharon Moats, John Neller, Teresa Oh, Clinton Snow and Dale Swanson.

Thank you for your attention to this matter.

Precis of minutes for the December quarterly meeting

ERS President **Dave Watt** called the "Ladies Day" general meeting to order at 12:39 p.m.

Good of the Society: We had one first-time attendee, **Doug Bell**, who retired in September 2010.

Minutes: September 2010 quarterly meeting minutes were approved as printed. Also reports from officers and committee chairs were available with the minutes at the sign-in table.

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Precis for minutes for the December quarterly meeting - continued from page 4

President's Report: Attended two pre-retirement meetings at the SPEEA Tukwila hall in October. He and Ken Frazier discussed setting up a new membership category for people who planned to retire in the near future.

Insurance Chair's Report: Reported that Social Security is funded by the payroll tax that we paid before we retired and that Congress should not try to reduce the budget deficits by cutting Social Security payments. Dick mentioned that Medicare's payments to doctors would decrease substantially in 2011 if Congress did not take action in December 2010.

Vice President's Report: Attended meetings of the SPEEA national and Northwest Legislative and Public Affairs (L&PA) committees and prepared a motion for the national L&PA Committee to support the generation and passage into law of measures to protect defined pensions in global mergers and acquisitions. The SPEEA Council approved the motion. Also helped prepare the 2011 ERS budget.

Treasurer's Report: The value of the Society's accounts was \$31,710.82 as of Dec. 2, 2010.

Steering Board Chair's Report: He and his wife, Sheila, held a breakfast meeting for potential members in Everett but no one else turned up. Also attended a pre-retirement meeting in Everett and made about 25 future members aware of the Society's existence and activities.

Committee and Rep Reports: **Dave Watt**, NRLN Liaison, Investments Chair, and Programs chair, reported that NRLN would have its annual meeting Jan. 17-19, 2011, in Washington, D.C. He and Dwight Rousu would attend this meeting. The next investment meeting would take place on Jan. 13, 2011, and that he had a speaker for the meeting. Dave also told us that he did not yet have a speaker for the March 2011 quarterly meeting. Badges Chair stated 36 people were in attendance. Governing Documents Chair **Ken Frazier** presented the Revision G of the Society's Constitution, Bylaws, and Policy Manual. All revisions were approved by attending members without dissent. Communications Chair Dave Westman reported he updated the ERS Web site with the latest newsletter and sent the newsletter to members via e-mail. He would post Revision G of our governing documents on the website. Travel Chair **Gary Palmer** reported he and his wife, Donna, took a trip to Denali National Park in Alaska and enjoyed the trip. Gary asked the members to tell him about trips taken. Dave Huntman and his wife went to the East Coast in September with help from AAA and AARP with good discounts on the trip. Social Chair **Dave Huntman** asked the members whether they would go to a lunch in Redmond on a weekday and two or three people raised their hands. **Dwight Rousu** told us that the ERS L&PA Committee had been meeting just before or after meetings of the SPEEA L&PA committees in Tukwila. **Dick Ferguson** told us that he had hosted a breakfast meeting for potential members at a Denny's restaurant in the Southcenter area and that all four attendees were now members. He was trying to get an article about ERS in the *SPEEA Spotlight* but that ERS was very low on the priority list. We will be able to use the parking lot at the Bricklayers Union hall in Tukwila for a split-venue meeting in March 2011.

New Business: The members voted to contribute \$75 to each of the five board-recommended charities: the Seattle Millionaire Club, Northwest Harvest, Union Gospel Mission, Food Lifeline, and the Renton Food Bank.

Dave Watt and **Jim Ewing** were re-elected to the offices of president and secretary, respectively.

The 2011 ERS budget recommended by the board was approved by the members without dissent.

Dave Huntman conducted a drawing for eight poinsettias and two gift certificates.

The meeting was adjourned at 2:05 p.m.

- Respectfully submitted, **James M. Ewing**, Secretary.

ON THE LIGHTER SIDE:

Subject: The Tax System Explained In Beer.

Suppose that every day, 10 men go out for beer and the bill for all 10 comes to \$100.

If they paid their bill the way we pay our taxes, it would go something like this :

The first four men (the poorest) would pay nothing.

The fifth would pay \$1

The sixth would pay \$3

The seventh would pay \$7

The eighth would pay \$12

The ninth would pay \$18

The tenth man (the richest) would pay \$59

So, that's what they decided to do.

The 10 men drank in the bar every day and seemed quite happy with the arrangement, until one day, the owner threw them a curve ball.

"Since you are all such good customers," he said, "I'm going to reduce the cost of your daily beer by \$20". Drinks for the 10 men would now cost just \$80.

The group still wanted to pay their bill the way we pay our taxes.

So the first four men were unaffected. They would still drink for free. But what about the other six men- the paying customers?

How could they divide the \$20 windfall so that everyone would get his fair share?

They realized that \$20 divided by six is \$3.33. But if they subtracted that from everybody's share, then the fifth man and the sixth man would each end up being paid to drink his beer.

So, the bar owner suggested that it would be fair to reduce each man's bill by a higher percentage the poorer he was, to follow the principle of the tax system they had been using, and he proceeded to work out the amounts he suggested that each should now pay.

And so the fifth man, like the first four, now paid nothing (a 100% saving).

The sixth now paid \$2 instead of \$3 (a 33% saving).

The seventh now paid \$5 instead of \$7 (a 28% saving).

The eighth now paid \$9 instead of \$12 (a 25% saving).

The ninth now paid \$14 instead of \$18 (a 22% saving).

The tenth now paid \$49 instead of \$59 (a 16% saving).

Each of the six was better off than before. And the first four continued to drink for free. But, once outside the bar, the men began to compare their savings.

"I only got a dollar out of the \$20 saving," declared the sixth man.

He pointed to the tenth man, "but he got \$10!"

"Yeah, that's right," exclaimed the fifth man. "I only saved a dollar too. It's unfair that he got ten times more benefit than me!"

"That's true!" shouted the seventh man. "Why should he get \$10 back, when I got only \$2? The wealthy get all the breaks!"

"Wait a minute," yelled the first four men in unison, "we didn't get anything at all. This new tax system exploits the poor!"

The nine men surrounded the tenth and beat him up.

The next night the tenth man didn't show up for drinks, so the nine sat down and had their beers without him. But when it came time to pay the bill, they discovered something important. They didn't have enough money between all of them for even half of the bill!

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On the lighter side - continued from page 6

And that, boys and girls, journalists and government ministers, is how our tax system works. The people who already pay the highest taxes will naturally get the most benefit from a tax reduction. Tax them too much, attack them for being wealthy, and they just may not show up anymore.

In fact, they might start drinking overseas, where the atmosphere is somewhat friendlier.

David R. Kamerschen, Ph.D.

Professor of Economics.

- Submitted by **Dave Huntman**, newsletter editor

PASSAGES

- **Glenn E. Miller**, (wife Delma J.), died (approximately) Oct. 21, 2009. The widow's address is P.O.Box 54196, Redondo, WA 98054.
- **Edward A. Delanty**, (wife Myoko U.), died during October 2009. The widow's address is P.O. Box 78326, Seattle, WA 98178-0326.
- **Matt Ferriole**, a member of ERS and a colleague, died Aug. 4, 2009. Matt had a degree in mechanical engineering, but worked primarily as an electrical engineer at Boeing for 33 years.
- **Sheridan T. Bracken**, P.O.Box 858, LaCenter, WA 98629-0851.
- **Walter Longwill**, 1701 147th Ave. SE., Bellevue, WA 98007.
- **Marcheta Lanning**, ERS I.D. #34, died July 2009. Stepdaughter Virginia Parks 430 N 1st. Street, Unit 302, San Jose, CA 95112, 408 261-0841.
- **Robert 'Bob' Earl Fry**, died March 19, 2010. Information from Floyd Fry 702 S A, Arkansas City, KS 67005.

(We do not have any other information for the above-named members.)

Welcome

The newsletter has an area where the names of any new members are stated.

Welcome to new member: **Doug Bell**.