WE...too
Washington Education Association – Retired

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Financial mistakes not to make

Based on a talk by Eleanor Krumbiegel, NEA-staff

Eleanor "Snookie" Krumbiegel from NEA Member Benefits presented, "23 Financial Mistakes You Can't Afford to Make! Things I Wish Someone Had Told Me" at a NEA-Retired regional meeting some years ago. Share them around! There may be someone who does not have a handle on one of the 23 tips!

The **first** mistake, according to Krumbiegel, is to save money instead of paying off high-interest debt. Interest adds up and every dollar paid in interest is one not available in the pocket book.

Mistake #2 is carrying too much debt relative to your income. No more than 20% of your net income, excluding mortgage, should be represented in credit purchases. And, **Mistake #3** is locking away all of your savings. You should have liquid funds to cover 3-6 months of expenses.

Regarding insurance, **Mistake #4** is buying cash-value life insurance instead of term life insurance. Term has low commissions, is relatively inexpensive, and survivors and you benefit. That ties into **Mistake #5** which is not having **enough** life insurance. The purpose of life insurance is to replace income for you family in the event of your death.

Consider that most employers provide $50,000 or less of coverage for school employees.

That means, if you are relying on the employer, you are seriously underinsured. Keep in mind that one out of every four widows uses her entire life insurance benefit within 60 days. So, you ask, how much life insurance is needed? Five to 10 times your annual salary.

Mistake #6 is getting a balloon mortgage, interest-only mortgage, or other non-conventional mortgage without understanding the risks. With the balloon, property value may drop or interest rates may rise and you are stuck paying. With interest-only mortgages, you never have equity; property value may drop or interest rates may rise. **Mistake #7** is not taking into account "points" when figuring mortgage costs. If you do not understand points, be sure to ask – this can be a chunk of change! **Mistake #8** is hopping on the reverse-mortgage bandwagon. Reverse mortgages are not for everyone. Again, be sure to understand ***all*** of the benefits and the negatives.

Mistake #9 is for ***everyone!*** Do not rent without having renters' insurance that covers theft (on- and off-site), fire,

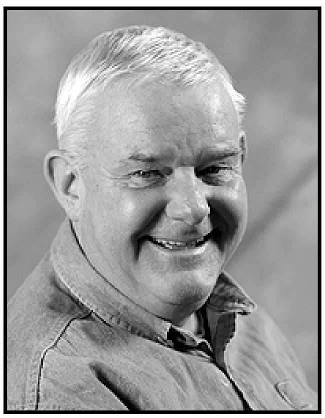
Continued on page 6

Contents

Thank you, Carl

We appreciate the hours of labor, generously given, that Carl Taylor has provided to our organization. He leaves us, after four years as vice president, then four years as president of WEA-Retired. He remains energetic, focused, and ready to take another step. Thank you, Carl. Don't be a stranger ...

With warmest and sincerest thanks from all the members of WEA-Retired.



Carl Taylor
President,
WEA-Retired

What's with those Hawaiian shirts?

When Carl took office as president, he encouraged everyone to wear Hawaiian shirts as a sign of fun and relaxation. In his honor, the theme for this year's Dollars for Scholars banquet will be "Aloha."

There is more to aloha than just a welcoming or a parting greeting. The literal meaning of aloha is "the presence of breath" or "the breath of life." It comes from "Alo," meaning presence, front and face, and "ha," meaning breath. Aloha is a way of living and treating each other with love and respect. Its deep meaning starts by teaching ourselves to love our own beings first and afterwards to spread the love to others.

This sentiment embodies the essence of WEA-Retired.

If you do not have a Hawaiian shirt, not to worry. Carl keeps a supply in the office!

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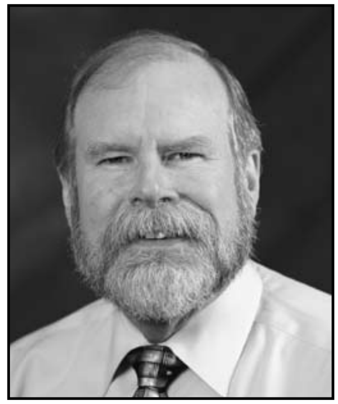
Living in interesting times

by Mike Ragan
WEA-*Vice President*

These are interesting times. Last year, I wrote about the economic crisis and how it was causing some people to retire before things got worse, and others to wait for better times. This year is not better, except in one way. I am not sensing as high an anxiety level this year. It is not that things are any better, but I believe that people have more confidence in themselves and their association to deal with the situation. And as far as the decision to retire goes, I believe that WEA-Retired is doing an outstanding job. You have performed an invaluable service helping members understand both the process of retiring, and what it means to be retired. The retirement seminars that WEA-Retired conducts are something that you should be very proud of. WEA-R President Carl Taylor has done a superb job of publicizing these seminars.



WEA Vice President Mike Ragan

The economic crisis has not gone away. The state continues to cut both education and other valuable services. The Legislature finally tried to balance things a bit by adding some revenue, but it does not take care of the shortfall. And next year is looking to be another year of cuts. This biennial budget was partially balanced by federal money that will be gone, and the economy is not recovering fast enough to make up the difference. We will have to wait and see how bad next year will be.

The good news is that it appears that the economy is recovering, but slowly. The downturn's dramatic destruction of 401k accounts has slowed the race toward defined-contribution accounts, making it easier to defend our defined-benefit accounts. The education reformers are still attacking, but we have been able to deflect the worst of their ideas. The world is not rosy right now, but we are all working hard to make it better.

Enjoy your summer! I'll see some of you in New Orleans.

RA votes to support Initiative 1098

by Sandy Kokko, WEA-R

Petitions will soon be circulating to put Initiative 1098 on the fall ballot. Passage of this initiative would result in a major restructuring of the tax burden in the state of Washington. Initiative 1098 will raise $1 billion per year to help us build a more vibrant economy and better opportunities for our children. The wealthiest 3 percent of Washingtonians will pay an income tax, while the vast majority of Washingtonians will pay less.

Initiative 1098 makes common-sense improvements to our tax system: It reduces the state property tax by 20 percent, saving the average King County homeowner about $180 per year. It increases the small business tax credit from $420 to $4,800 annually, eliminating the state business and occupation tax for more than 80 percent of businesses, and reducing taxes for another 10 percent. And it adds a new income tax which will only be paid by couples with incomes over $400,000 and singles with incomes over $200,000 — about 3 percent of Washington households.

Continued on page 7

WEA-Retired attends Rep Assembly

By Sandy Kokko, WEA-Retired, Vancouver

The 2010 WEA Representative Assembly was held in the convention center in Spokane, May 13-15. Of the 28 WEA-Retired delegates, three were "first timers" as representatives for WEA-Retired: Barbara Day (Chinook), Maxine Franklin (Seattle) and Virginia Hankins (Tacoma). Judy Wooten organized dinner for the group Thursday, Friday and Saturday. These group dinners enable the delegates to become acquainted in a social setting, strengthening old ties and creating new ones.

As in the past, WEA-Retired had an information table at the convention center where delegates took turns answering questions about retirement and selling raffle tickets for the WEA-Retired Dollars for Scholars raffle. Jim Savidge, the only honorary member of WEA-Retired, was once again recruiting new pre-retired members.

Twenty-seven delegates joined WEA-Retired as pre-retired members. Over $2,100 was raised for WEA-Retired Dollars for Scholars. Gretchen Lindholm from WEA-Riverside was the recipient of the $500 prize and Ken and Linda Mortland, WEA-Retired, received the $200 prize.

Thursday afternoon the WEA-Retired delegation held a mock RA to review new business items and RA procedures. Kim Mead, candidate for NEA Board Director, addressed the group. WEA-Retired President Carl Taylor alerted the delegation to two issues that would be presented: Initiative 1098 and the Arizona immigration law.

Jim Savidge signs up a new WEA-Retired member during 2010 Rep Assembly in Spokane.

In March, WEA-Retired board directors, committee chair and RA delegates developed two new business items (NBI) for the Representative Assembly.

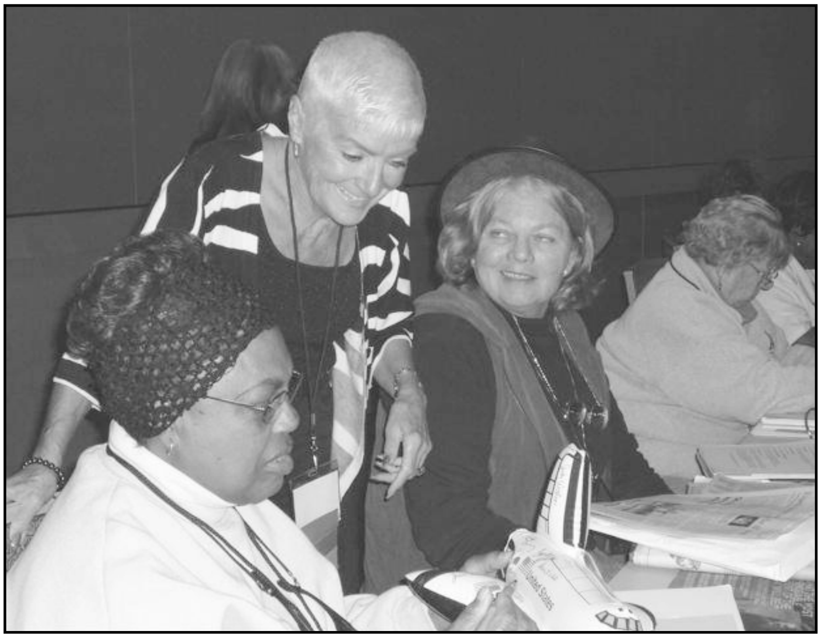
NBI-D reads: That WEA and WEA-Retired form a joint task force to address the issues of transition from active membership to involved retiree membership. Issues addressed could include, but not be limited to 1) development of appropriate communication systems, 2) determination of which activities are most important for current members to carry over into retirement, and 3) determination of how best to contribute to and work with current active member groups.

NBI-E reads: That WEA will provide assistance to UniServ Councils and their locals in obtaining information about VEBA accounts for sick leave cash out.

The WEA-Retired Legislative Work Team developed talking points for NBI-D. Barbara Day (NBI-D) and Annette Barca (NBI-E) were the designated speakers. Both items were

Virginia Smith was a delegate to RA.

held in Spokane, May 13-15



Erma McKoy, Judy Wooten, Sharon White and Jean Savidge were busy delegates during the WEA Rep Assembly.

given "Do Pass" by the WEA Board of Directors and the RA delegates passed them with very little debate.

Guest speakers at RA included Bill Gates, Sr., who spoke about the "Yes on I-1098" campaign; Maribeth Steincipher, 2010 ESP of the Year from Federal Way; Jamie Yoos, 2010 Teacher of the Year from Bellingham; Governor Christine Gregoire; and NEA President Dennis Van Roekel.

Bill Gates, Sr., spoke regarding the current financial crisis in our state: funds to reduce class sizes have been cut; higher education tuition has spiked; 40 thousand residents have lost health coverage; senior and disabled adult day health care has been cut; state funding for child vaccinations have been eliminated. Mr. Gates spoke in support of Initiative 1098 which would revamp part of the state tax code. The assembly overwhelmingly supported I-1098.

Another new business item called for support of the boycott of Arizona due to the passage of its immigration law. After many emotionally-charged speakers on both sides of the issue, Mike Radow, President of Mercer Island EA, reported talking to the president of the Arizona Education Association, John Wright. Mr. Wright indicated AEA was not advocating one side or the other, just keeping track of actions like that proposed in the new business item. The new business item passed.

The 2011 WEA Representative Assembly will be held in Tacoma next year, May 12-14, 2011. Watch the fall issue of *WE…too* for delegate nomination forms and more information.

Ben Asplund and Karin Goodro enjoyed a lighter moment during RA.

Financial mistakes

continued from page 1

and liability. And **Mistake #10** is not including a replacement cost in the amount of homeowners' or renters' insurance you obtain.

Mistake #11 is borrowing money for "lifestyle" purchases like vacations and dining out, as you may need to borrow for a house or an education, which are good investments.

And then there is Uncle Sam. **Mistake #12** is having too much withheld from your paycheck. Every dollar you have withheld over what is needed, is money you do not have to go out to dinner, buy a hat, take a vacation – or put in savings for your own benefit. And, **Mistake #13**: do not go for a fast tax refund in the form of a refund anticipation loan – according to Krumbiegel, No! No! No! Only the lender makes money; you lose.

Mistake #14 is investing in products that carry high sales commissions and management expenses. Read any prospectus before you buy. And you really need to diversify your portfolio – if you don't, that is **Mistake #15**.

For your personal financial well-being, **Mistake #16** is not having Long-Term Care Insurance to protect assets, preserve health care choices, and reduce any burden on family members. And, should something happen to you that Long-Term Care doesn't take care of, **Mistake #17** is not having a *Durable Power of Attorney for Medical Care*. Without one …who decides what type of care you want if you cannot communicate your desires? The doctor? The family? The government? The Insurance Company? You need to decide, and that Medical Power of Attorney makes sure that whoever you designate makes the decisions for you.

And **Mistake #18** is not having a *Durable Power of Attorney for Financial Matters*. Someone has to be able to make your house payments and pay your bills.

Mistake #19 you have already know. *You must have a* **will,** *no matter what your age*. Tomorrow is not promised to anyone. The kindest item you can have in place for your family is how you want your estate settled. Families have disintegrated for lack of a will.

Tied into number nineteen is **Mistake #20,** which is, not having those "difficult conversations" with your loved ones. Someone should know where they can find all important papers such as the will, powers of attorney, end-of-life medical instructions, insurance information, titles and deeds, and other important papers. Go to www.neamb.com to download a free SURVIVORS GUIDE.

Mistake #21 is going into significant debt for a car. Shop around for interest rates because you can save a substantial amount of money over time. Look closely at the bottom line of low/no interest offers vs. rebates. Usually a slightly higher payment will save you money.

Speaking of cars, ever heard of GAP COVERAGE? **Mistake #22** is not having gap coverage if you have a car loan or leased vehicle. Gap Coverage ensures that your loan will be paid off if your vehicle is declared a total loss — that means you will not find yourself paying what insurance does not cover on a vehicle you cannot drive, on top of paying for the new one that replaces it!

Finally, **Mistake #23** is not taking advantage of the many programs available to you and your family as an NEA or NEA-Retired member. Go to www.neamb.com or call 1-800-637-4636 as a place to start to find what is available when comparison shopping for any kind of insurance.

Helping build a library for Louisiana students

NEA RA is in New Orleans this summer. Many communities along the Gulf Coast, still suffering from losses caused by Hurricane Katrina nearly five years ago, now face economic devastation from the BP oil platform blowout. Schools that were destroyed by Katrina have still not been rebuilt. Devastated libraries and communities outside of New Orleans didn't receive the same attention as the "big city."

With our book donations, we hope the Plaquemines library will flourish like this one.

WEA staff asked the WEA family to donate gently used and new books for pre-K through 12th grade students to help the South Plaquemines Parish. These books are going South Plaquemines' schools which are public schools full of pre-K through 12th grade students and staffed by our NEA-affiliated sisters and brothers.

Delegates to the WEA RA, including many Retired delegates, donated many books along with cash donations. As of this writing, almost 4,000 books had been boxed up and the company who has helped WEA transport and set up the annual RA for many years — GES — is generously donating the freight to get the books to Louisiana. If you are going to the NEA RA or the NEA Retired annual meeting, take a few books with you to New Orleans, as other WEA delegates are doing. The WEA staff sends a sincere thank-you for your compassion and donations.

RA supports I-1098

continued from page 3

The wealthiest Washingtonians now pay less in state and local taxes than residents of 43 other states. The 3 percent who will pay this new tax will take adjusted gross income straight from their federal form and pay just 5 percent on their income over $400,000 ($200,000), and 9 percent on income over $1 million ($500,000). For example, if household income is $500,000, the income tax would be $5,000, or just 1 percent of gross income.

Initiative1098 was not designed by state politicians. Instead, it was put together by a coalition of business, labor, and community leaders, including Bill Gates, Sr., who support a careful, balanced reform of the state's tax system and better education and health services. That is why I-1098 includes tough accountability provisions to ensure that middle-class families will pay less in taxes and all funds are spent efficiently and effectively: it provides that any change in the income levels subject to the tax would require a vote of the people, that all funds must go to priority education and health services, with regular audits and full public disclosure of spending, and that monthly reports on deposits, withdrawals, and balances on all funds are required to be posted on the Web.

If you would like to become involved with the YesOnl098 campaign, contact Washingtonians for Education, Health Care and Tax Relief / Yes on 1098, P.O. Box 1077, Seattle, WA 98111, (206) 225-4610 , or visit www.YesOn1098.com.

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When you're retired, make every day a summer day.

Beware of Insurance Scammers

Insurance Commissioner warns people about health insurance scams: As the economy sours, Washington State Insurance Commissioner Mike Kreidler warns consumers to be on the lookout for health insurance scams. The things to watch for include:

- Unreasonably low costs. Be cautious about plans that promise very low rates for a lot of benefits. If it sounds too good to be true, it probably is.
- Unusual marketing, such as unsolicited phone calls, and fax or email messages.
- High-pressure sales tactics, such as suggesting there's a special rate that expires unless you sign up immediately.
- Companies that want money up front before they will send you information about their products.
- Companies that offer little contact or local information. Be very cautious if the only contact information is a toll-free number and the person on the phone seems vague about details.
- People posing as federal agents who call or come to the door to sell health insurance as part of health care reform.

If you suspect an offer is a scam, call the Insurance Consumer Hotline at 1-800-562-6900 to verify the company is legitimate before you sign up for anything.