Health & Retirement Services of Illinois
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OUR NEWS LETTER HRSI

WHY YOU SHOULD CONSIDER FREEZING YOUR CREDIT REPORTS

By Joseph Pisani, AP Business Writer

NEW YORK (AP) -- Freeze your credit reports before you get burned.

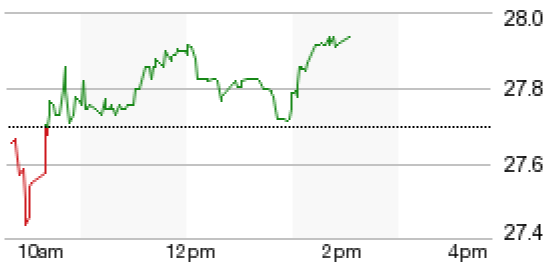
That's the message from security experts, consumer advocates and some state Attorneys General. They say more people should consider a credit freeze as a way to block identity thieves from opening new credit cards and other accounts in your name. They recommend a freeze even if your identity hasn't been stolen.

"It's much better to shut the door before it even takes place," says Mike Litt, a consumer program advocate at the nonprofit U.S. Public Interest Research Group. "You can save yourself so much time and headache."

I didn't listen, and now I regret it. Someone recently applied for 10 credit cards in my name and opened two wireless phone accounts. Removing the fraudulent activity off of my credit reports took hours: I had to make several phone calls, send paperwork and fill out a police report. And my credit score will probably be hurt temporarily until everything is removed. I could have avoided all that if I had frozen my credit reports earlier.

But there are some downsides to a credit freeze to consider. It also blocks you from opening new lines of credit, so if you plan to take out a mortgage or apply for a new credit card you'll need to remember to unfreeze it each time. And residents of some states have to pay a fee for a freeze.

Here's more on how credit freezes work:



In Our Newsletter

Q: When should I freeze my credit report?

A: It's a must if an account has been opened in your name or if you've been notified that your Social Security number was taken in a data breach. Even if identity theft hasn't struck, you still should seriously consider it, since data breaches have become so common. So far in 2015, there have been 766 data breaches at banks, government agencies and big companies, exposing more than 178 million records, according to the nonprofit Identity Theft Resource Center. A breach of government records, for example, exposed Social Security numbers of about 26 million federal employees and their spouses.

Q: How do I freeze my credit report?

A: Contact each of the three credit reporting agencies — Equifax, Experian and TransUnion. You'll need to freeze your credit report at all three because some creditors only use one. Contact Equifax at www.freeze.equifax.com or 800-349-9960, Experian at experian.com/freeze/center.html or 888-397-3742 and TransUnion at transunion.com/securityfreeze or 888-909-8872. They'll ask you for your Social Security number, name, address and other details.

Q: How much does a credit freeze cost?

A: It depends on the state laws where you live. Fees are typically between $3 and $10 to freeze each credit report, and you may pay another fee to unfreeze. Freezes are free at a few states, including Indiana and Maine. Fees may also be slightly different at each credit agency. Equifax has a list of fees and rules for each state at https://help.equifax.com/app/answers/detail/a_id/75/~/security-freeze-fees-and-requirements .

Q: Will the freeze hurt my credit score?

A: No.

Q: Is this different than credit monitoring?

A: Yes. Credit monitoring services, which you have to pay a monthly fee for, alerts you if a new account is opened or other suspicious activity takes place. A credit freeze is the only way to stop criminals from opening new accounts in your name. Some experts don't recommend credit monitoring because it's expensive, as much as $20 a month. Instead, you can monitor your credit report on your own. You're entitled to get a free copy of your credit report from each of the three agencies once a year at www.annualcreditreport.com .

Q: When do I need to unfreeze my credit reports?

A: If you're applying for a mortgage or auto loan or credit card. That's because lenders check your report to see if they should lend to you. You can ask the lender what credit reporting agency they use and unfreeze that one, says Litt. You can unfreeze a credit report temporarily or permanently at any time.

Q: How do I unfreeze my credit reports?

A: By contacting the credit agencies again. When you ask to freeze your credit reports you'll get a number that you will need to save. That number will be your key to unfreezing your account, so keep it in a safe place. Losing the number will delay removing the freeze.

Q: Will a freeze protect me from all identity theft?

A: No, it only stops thieves from opening new accounts. Thieves can still use your existing credit or debit cards to make fraudulent charges, so you will still need to check your statements every month. It also doesn't protect against other types of identity theft, such as taking out prescription medication in your name or filing fraudulent tax returns, says Eva Velasquez, president and CEO of The Identity Theft Resource Center.

The 3 Best Social Security Calculators For 2016

By J. William Carpenter | December 29, 2015

Choosing the best time to claim Social Security benefits is a key decision everyone has to make as they approach retirement age. It can also be a very complicated decision for many people. While reduced Social Security benefits are available at age 62, you stand to make substantial gains if you can delay taking your benefits until you reach full retirement age, which is between 65 and 67, depending on your birth date. Further gains are available if you can wait until the maximum age of 70 to start taking benefits. On the other hand, there are circumstances in which it may make sense to take your benefits early, even if it is possible to delay them. Other considerations that complicate things further include the availability of spousal or survivor benefits.

Social Security calculators help you understand how various factors influence the size of your monthly benefit and how much you stand to gain over the course of your retirement. They also help you test different claiming strategies to find a plan that works best for you. Although the following Social Security calculators are updated to account for changes in federal law, it is important to consult with a financial advisor or another expert to double-check your results before changing your retirement plans based on calculator recommendations.

1. Social Security Administration Calculators

The U.S. Social Security Administration maintains a selection of more than 10 calculators on its website, all designed to help you analyze every aspect of your Social Security benefits. The Retirement Estimator allows you to calculate and analyze your benefits based on your official Social Security record. You must verify your identity to gain secure access to this calculator. If you have a scenario involving disability or survivor benefits, opt for the Detailed Calculator. This calculator is a downloadable program designed for installation on your Windows or Mac computer.

For fast analysis, use the Quick Calculator to get an estimate of benefits based on earning information you provide yourself. The Benefits for Spouses Calculator helps you understand how a retirement decision made by one spouse affects the other. Access the Life Expectancy Calculator to estimate how long you might live for planning purposes. Other calculators are available for various special-case scenarios.

2. AARP Social Security Benefits Calculator

AARP, a membership organization for people 50 and over, hosts an easy-to-use calculator built to help you decide when to claim your Social Security benefits. After you enter some basic information including your birth date and average annual salary, the calculator returns a simple bar graph showing your estimated monthly benefit at each possible initial-claim age from 62 to 70. The visual representation this calculator provides really hammers home what you stand to gain by delaying benefits. The next stage of the calculator helps you analyze the effects of claiming benefits at different ages while continuing to work at different pay rates. The main inadequacy of this calculator is its reliance on an estimated average salary rather than a closer accounting of actual and expected earnings.

3. Bedrock Capital Management SSAnalyze

Bedrock Capital Management, a wealth planning firm, maintains a calculator that covers scenarios for both single earners and couples. SSAnalyze incorporates a variety of adjustable variables, including one for inflation to help you estimate the effects of a cost of living adjustment on your benefits. The calculator also accounts for certain government pensions that can influence Social Security benefits, an important but rare capability among online benefits calculators. To enhance the accuracy of this tool, use your current estimated benefit amount provided in your annual Social Security statement. Once you run this calculator with initial values, it is easy to adjust retirement age and other variables to model different retirement scenarios.

Trade Like a Top Hedge Fund
What can technical traders see that you don't? Investopedia presents Five Chart Patterns You Need to Know, your guide to technical trading like the pros. Click here to get started, and learn how to read charts like an industry veteran.

What should you do when you're five years from retiring?

By Daniel Kurt

One of the first steps you should take at this stage is avoid the pitfall many pre-retirees experienced in 2008 – overexposure to stocks. Sure, you'll want to keep a significant equity portion of your portfolio to boost potential gains, but you won't have as much time as younger workers to make up lost ground if the market sinks. A conservative rule of thumb is to keep a percentage of stocks equal to 100 minus your age. If you're 60 years old, that means keeping 40% of your investments in stocks and putting the rest in bonds or money market accounts. More aggressive investors will sometimes use "110 minus your age," instead.

With just five years to go in your full-time job, it's not too late to get a realistic retirement budget together. On the income side of the ledger, figure out how much you'll reasonably be able to count on from savings, Social Security and 401(k)s, and if you're lucky, a traditional pension plan. Then total your expenses. Factor in two of the biggest outlays anyone in their 50s or 60s should anticipate later in life: medical needs and long-term care.

While you may have paid into Medicare throughout your working years, it's still not free for most recipients. The Part B component typically costs about $100 a month, and if you want to boost your coverage, you could be paying significantly more than that for Medicare Advantage.

Even if you're in great health today, now is the time to be thinking about the considerable assisted living and nursing home costs that may lie ahead. For those with moderate net-worth, long-term care insurance is often a good idea, even so, it can cost several hundred dollars a month. There are several online tools that can help provide an estimate based on your age, the state you live in and other factors.

Creating a budget can help you make minor adjustments to your retirement plan that could make a big impact later. If you forecast a deficit, you may need to work a year or two longer, but at least you'll feel more secure in your golden years.

In reality, making decisions about where to put money and whether to buy insurance gets complicated. Often, it's a good idea to talk with a knowledgeable financial adviser who can help you understand your options and chart the best course forward. Even if a consultation costs a few hundred dollars or more, sound advice can help put you on solid footing for the next phase of your life and provide peace of mind.

Of course, even those who prepare diligently for retirement will occasionally need some additional income after their primary career is over. Maybe you're planning to work part-time in a different field. If so, start researching what you'll need to do ahead of time, whether it's getting a special certification or having some volunteer experience under your belt. When the day of retirement finally arrives, you'll be ready to embark on your new endeavor and develop an added revenue stream.

Finance resolutions are notoriously hard to keep…..until now.

They always say, “This year, I will keep my resolutions!“ but more often than not, they don’t. This year, at least one resolution will truly be easy to keep. By signing up for a free FutureAdvisor account, you can set up your financial goals for 2016, and get a step by step plan to follow. More than that, FutureAdvisor is offering 3 months of free wealth management. They'll set everything up for you and get the work done...for free. Keeping a resolution has never been this easy.

5 Signs You Are OK to Retire

By Brian Beattie | January 06, 2016

The years leading up to retirement can be a time of both increased excitement and anxiety. For many, retirement offers the possibility of pursuing new opportunities and experiences. However, with this new sense of freedom is often a heightened level of concern in making sure your money lasts. Prior to retiring, there is no substitute for thorough planning and informed decision-making when seeking to create a successful retirement. The following five topics should be addressed in any retirement plan and can help provide peace of mind in an otherwise uncertain time in your life.

You Defined What You Want to Do

After working most of your life, during retirement, it is time to figure out if you can do what you have always missed out on in life. Some people take up new hobbies such as golf or tennis. Many use this time to travel and see the world. You may decide to spend the wintertime in a warmer climate, either by renting or purchasing a vacation home.

Once you figure out what you want to do during retirement, it is necessary to define, prioritize and quantify it in terms of money. For example, if a retiree wants to spend $50,000 a year on travel, yet only has $600,000 in total assets, this would not be a wise decision. Another step is to prioritize your goals by arranging them in the order from what is most desirable to least desirable. This should help you determine which goals are more important for you to achieve. Once you define and quantify what you want to do in retirement, this is a sign you are ready and should help you determine how much extra money you need to allocate.

You Established a Budget

One of the most common mistakes retirees make is understating their needed income during retirement. It used to be a rule of thumb to use 60 to 80% of your current working income as your expected retirement income. However, this can cause a variety of issues, and the number one reason why retirees run out of money during retirement is because of poor budgeting skills. Look at your current budget. Determine your monthly expenses and figure out if they are going to increase, decrease or stay the same during retirement. Many retirees make the mistake of assuming expenses go down. However, if you decide to buy a second vacation home, this adds an additional monthly mortgage payment, along with taxes, utilities, association fees and general maintenance. Once you determine exactly what you want to do during retirement, you can figure out if it fits into your budget.

Once you establish a retirement budget, factor in that this amount will grow at an inflationary rate of 3 to 4% per year. Even though this may seem high, it is much better to be conservative over the long run. Overestimating inflation only leads to having more assets left to your heirs instead of having a chance of running out of money. To illustrate the effects of inflation, a $50,000 retirement income stream would be worth $67,195 in 10 years. The same $50,000 would be worth $90,305 after 20 years. Inflation is one of the biggest risks that retirees face during the latter half of their lives, so it is extremely important to plan for it ahead of time.

You Know Your Health Care Options

Most people assume that when they retire, health care is taken care of, as once a person turns 65, he automatically qualifies for Medicare coverage. However, make sure you qualify for premium-free Part A coverage. You qualify if you have worked at least 40 quarters of coverage and paid the appropriate Medicare payroll tax. You may also qualify if your spouse has worked 40 quarters of coverage. If you do not qualify, the 2016 premium rate for Part A could be as much as $411 a month. This could be an unforeseen expense that cuts into your retirement nest egg.

As most retirees qualify for a premium-free Part A, it is still important to know how Medicare works with your existing physicians and treatments. Many doctors may not take Medicare as a form of payment, and this should be considered. Part B, which helps pay for doctors' services, outpatient hospital care and medical equipment is usually recommended for most retirees. To enroll, the average retiree pays Medicare Part B premiums of $121.80 a month as of 2016. Medicare also offers Plan C and Plan D as additional purchase options to help reduce overall health costs. Prior to enrolling in Medicare, understand what each part costs and what services it covers. Many retirees have gone to third-party vendors for supplemental health care in addition to Medicare.

If you decide to retire prior to age 65, health care is a very critical issue. Unless your previous employer structured a retirement benefits package, you will have to seek a third-party health care service. This plan needs to "fill the gap" between the present time and when you turn 65. These plans can be very costly depending on your health condition. This health care expense is often overlooked by those planning to retire prior to age 65.

You Have Enough Money

When most people begin planning for retirement, the income-planning segment is a common place to start. However, you should start with quantifying exactly how much is needed on an expense basis. The first step is to determine how much your stable income streams are going to pay. These include any pensions, Social Security and annuities. Most retirees make the mistake of taking Social Security too early without doing proper research first. Any withdrawals taken prior to your full retirement age cause a permanent reduction in your benefit. If you decide to continue working past your full retirement age, taking Social Security in addition to your employment income might make it taxable. Plus, delaying Social Security causes your benefit to grow at a guaranteed rate.

Once both amounts and the timing of these income streams are determined, you can decide how much to withdraw from savings. As a rule of thumb, most retirees should take a maximum of 3 to 4% from a portfolio. Anything above this rate significantly increases the risk of depleting funds early. For example, for a nest egg totaling $1 million, the total withdrawal rate should not exceed $40,000. If the money remains in a noninterest-bearing account and the withdrawal rate increases by 3% inflation each year, the $1 million would last just over 19 years. Increasing the withdrawal rate by 1% reduces that same timeline by three years and the $1 million will last only 16 years.

This also demonstrates the importance of investing, as inflation erodes the longevity of your retirement portfolio. When entering retirement, you should have a healthy blend of income-producing and growth investments. Although it may seem logical at first to generate the 3 to 4% from fixed income, inflation eventually affects the total performance. Due to advances in health care, the average person could spend almost 25 to 30 years in retirement. This is considered a long-term investment horizon that warrants investing in some growth investments.

You Developed a Retirement Plan

If you have all four signs completed above, you should be comfortable in knowing you have taken great steps in securing a successful retirement lifestyle. However, both life and retirement constantly change. Markets move up and down. Unforeseen events occur for which you cannot plan. This is why it is important to have ongoing monitoring and adjustments made to a retirement plan. These adjustments could be made to withdrawal rates, risk tolerance of investments or even having to give up on a retirement goal. Either way, it is very necessary to continually monitor and adjust a retirement plan over the rest of your life.

Summary

You are ready to retire if you have defined what you want to do, established a budget, determined your health care, have enough money and developed a retirement plan. Missing any one of these crucial signs could negatively affect your ability to stay retired. There are many resources available regarding retirement planning, but it is always recommended to meet with a financial advisor or Certified Financial Planner to confirm you are taking the correct path for the rest of your life.

One reason for high drug prices: a huge backlog of unapproved generic drugs

BY SHEILA KAPLAN DECEMBER 29, 2015

*W*ASHINGTON — Somewhere in the depths of the Food and Drug Administration, applications for 4,300 generic drugs are awaiting approval.

With growing dissatisfaction over the price of prescription drugs, that backlog has become more than a bureaucratic curiosity. Congress is furious. Hillary Clinton has raised the issue on the campaign trail. And drug makers are threatening to abandon the generics business altogether if the FDA doesn't speed things up.

The FDA, for its part, blames drug makers for sloppy and incomplete applications that slow the process.

For consumers, the debate might not seem to matter much, but there is no doubt that the availability of generic drugs matters to their bottom line. Sometimes called copycat drugs, generics are between 30 percent and 80 percent cheaper than the original brand-name drugs. They account for 88 percent of all prescriptions in the United States, but only 28 percent of the cost, according to the Generic Pharmaceutical Association.

"The longer it takes for a generic drug product to first get approved or multiple generics for the same product to get approved, the more it costs consumers," said Robert Pollock, a former FDA generic drugs official who now consults for industry. "If [people] can't afford to purchase their drugs, the drug can't do them any good."

Not all of the 4,300 generic drugs awaiting FDA approval are at the same stage of review. Many have only recently entered the pipeline. But others go back to 2009, since before the advent of a program that was intended to help speed the process.

Political pressure to reduce the number of pending applications has built in recent months. At his confirmation hearing in November, Dr. Robert Califf, President Obama's nominee to head the FDA, was pressed on the bottleneck by lawmakers. Senator Susan Collins, chairwoman of the Senate's Special Committee on Aging, said she planned to investigate how much progress the agency has made. The House Committee on Oversight and Government Reform said it is making its own inquiries.

The FDA acknowledges it has had problems in the past. Chronically underfunded, its generic drug office was long the poor stepchild of the agency. But the agency says it has made significant strides, in part because of measures known as the Generic Drug User Fee Amendments.

The 2012 measures required drug makers to pay user fees to help defray the costs of reviewing applications and inspecting facilities. In exchange, the FDA was put on a strict timeline to finish applications that were languishing.

The fees provided an estimated $1.5 billion over five years — enough for the FDA to hire and train 1,000 more staffers for the generic drug office, update its technology, and inspect more manufacturing plants.

How much progress has been made since then depends on how you interpret the data.

The FDA acknowledges that drug applications completed in fiscal 2015 took an average of four years to review, and generic drug companies continue to complain about the lack of progress.

Still, the agency says that its turnaround time has improved and that it has now "acted on" 82 percent of the 2,866 applications that were submitted before the Generic Drug User Fee Amendments took effect. That puts the agency ahead of its statutory deadline. (Just because the FDA has acted on 82 percent of these applications, though, doesn't mean it has approved or rejected them. In some cases, the agency may have only responded to applicants to request more information.)

More broadly, FDA officials fault drug makers for slowing the process with applications that lack crucial information — about their research, when the original drug will lose patent protection, or relevant court cases.

"Our goal can't be achieved unless the applications are submitted with high quality," Hany Edward, acting branch chief, told a group of wary generic drug manufacturers gathered in North Bethesda last month.

In a presentation at the event, FDA officials cited a litany of examples. One applicant seeking to produce a drug for irritable bowel syndrome ignored the propensity of its inactive ingredient to cause diarrhea. Too many generic drug submissions showed a lack of knowledge about medicine or how to make it.

Edward Sherwood, acting director for regulatory operations in the generic drug division, told STAT the agency must push drug companies to keep up with changing standards.

"The more information we have, the more we can do in terms of making sure the bar is set exactly where it needs to be," Sherwood said. "All applications either hit it, or we can go back and explain what that gap is, and they have a chance to correct themselves."

But some drug makers complain that the FDA's changing standards for approval are part of the problem.

"They keep changing the goal posts," said one industry consultant who spoke on condition of anonymity for fear of angering FDA officials. "A good example is 'quality by design,'" he said, referring to the agency's new criteria for good manufacturing processes. "They'd say, 'Your application isn't very good because you didn't have the quality by design concept. But when [the drug] was developed two years before that, quality by design wasn't a concept of any substance."

Generic drug makers also complain that less than 1 percent of their applications are approved on the first try. In comparison, applications for new drugs have an 88 percent approval rate.

Sherwood notes that back in 1992, only 27 percent of brand name drugs were approved on the first try, and that over time, better guidance from FDA improved quality of submissions.

"These are very complex types of assessments," he said. "There are several types of disciplines that all have to evaluate this data to make sure everything is 110 percent understood, so if you take one brand drug on Monday and one generic on Tuesday, you are going to get the same treatment."

Agency officials also stressed that they are communicating earlier with generic drug applicants than they used to, pointing out flaws in the applications and offering guidance.

Kenneth Phelps, owner of Camargo Pharmaceutical Services, which develops generic drugs, said that he understood FDA's concern about deficient applications, but that he shared his industry's concern about how long the process takes.

"We kind of got what we designed, so we should share some of the blame," Phelps said. "People threw in all kinds of garbage, so the FDA had to wade through the sewage to find out what was good and what was bad. It's true, the dirty little secret of the generic industry is that they always submitted deficient [applications]," Phelps said. As long as the FDA accepted the applications, companies would "submit and then add the right stuff later."

"Honestly," he added, "it was a game."

ObamaCare costs set to spike for thousands

By Peter Sullivan - 01/11/16

About 43,000 ObamaCare enrollees are bearing the full cost of their insurance plans after losing the tax credits that are meant to make coverage more affordable.

Those enrollees no longer receive ObamaCare tax credits because they failed to file a tax return for 2014, according to the Department of Health and Human Services (HHS). The number has never before been released.

Losing the tax credit can come with a sticker shock. HHS said in March that the average monthly ObamaCare premium before tax credits was $364, compared to $101 after the tax credit.

The precise number of people who are losing federal subsidies is unclear, because even family plans are counted as a single applicant. The number also does not include the 12 states and the District of Columbia that operate their own insurance exchanges.

Still, the IRS warned in July that 710,000 households were at risk of losing ObamaCare subsidies because they hadn't filed a tax return. After the warning letters went out, the number of households that hadn't filed dropped.

In October, the IRS flagged about 172,000 ObamaCare applicants and notified them they were at risk.

HHS told The Hill that by Jan. 1, because some people fixed the problem and some people had dropped coverage altogether, "less than 25 percent" of the 172,000 applicants were enrolled in ObamaCare without tax credits. That translates to around 43,000 enrollees.

People who are enrolled in an insurance plan can become re-eligible for tax credits by filing their 2014 returns.

HHS said it anticipated the tax return problem and worked to prevent it, including with reminders on HealthCare.gov, the federal ObamaCare portal.

"This is an issue that we're highly sensitive to," Kevin Counihan, the CEO in charge of the federal marketplace, told reporters last week. "We've enhanced our application with new reminders, new pop-ups and other ways to try to assure people what they need to do to make sure that they comply and file the right forms."

Other people who failed to follow an ObamaCare tax rule are getting something of a pass from the administration this year.

Those people filed their 2014 tax returns but failed to attach a form that compares their tax credits to their income to make sure they received the right amount of tax credit.

The IRS said Friday that about 976,000 households failed to attach the extra form, known as Form 8962, as of the end of October.

A Treasury representative said Monday that the administration is only cutting off tax credits to people who failed to file a tax return at all. The representative said the allowance for failing to file the second form is for this year only.

“We expect that taxpayers will continue to become acclimated to the changes in the tax filing process in future years,” the representative said. “We remain committed to providing information to taxpayers to help them understand and meet their responsibilities under the [Affordable Care Act].”

The IRS’s return process has undergone significant changes under ObamaCare, which linked health insurance and taxes in a way that people are unaccustomed to.

“There’s definitely a lot of learning to be done,” said Elizabeth Hagan, senior policy analyst at Families USA, a liberal healthcare advocacy group that supports ObamaCare. She noted that professional tax preparers “haven’t been used to filing these forms either.”

Republicans opposed to the healthcare law have long criticized it as overly complicated and say the confusion it has created shows the law is unworkable.

Some of the 12 states running their own marketplaces coordinated with the IRS to locate people at risk of losing their subsidies, to varying levels of success.

Connecticut’s marketplace said it found a way to warn people they could lose the ObamaCare credits without violating federal tax privacy rules. Other state-run marketplaces, however, said that they did not know how many people in the state had failed to file returns.

Still, the IRS sent notices to people in all 50 states, and there were several public awareness campaigns about the importance of filing a return.

Colorado’s marketplace said it would check its enrollees against IRS data after the sign-up period ends, on Jan. 31. At that point, anyone who failed to file a 2014 return will lose tax credits.

“We are concerned,” said Luke Clarke, a spokesman for the Colorado marketplace, adding, “The impact on the customer would be big.”

Hagan of Families USA said she hoped that the warnings broke through to people. But she said the notices for some people could have gone to the wrong addresses or email accounts.

“There’re always going to be people who fall through the cracks,” she said.

Open Salaries: the Good, the Bad and the Awkward

Sharing pay information can bring inequities out in the open, prompting difficult conversations

How would you feel if your co-workers could see your paycheck? Afraid they'll think you're overpaid? Defensive, because you think you make too little?

More employers, from Whole Foods Market, with 91,000 employees, to smaller companies such as SumAll and Squaremouth, are opening up companywide salary information to all employees. They generally don't disclose it to the public—but one company, Buffer, posts all employees' salaries on its website. The idea of open pay is to get pay and performance problems out on the table for discussion, eliminate salary inequities and spark better performance.

But open pay also is sparking some awkward conversations between co-workers comparing their paychecks, and puncturing egos among those whose salaries don't sync with their self-image.

Olivia Wainhouse was frustrated last year when she saw that a newly hired co-worker at SumAll, a 42-employee New York social-media data-analytics company, was making more than she was. "My competitive drive kicked in. I thought, 'What's going on here?'" says Ms. Wainhouse, an account executive.

She buttonholed the co-worker, Emmelie De La Cruz, at an in-house lunch: "I saw that you're make $10,000 more than me. Can you tell me how you did that?" In what both women say was a friendly conversation over rosemary chicken and roasted potatoes, Ms. De La Cruz explained how before her hiring, she based her pay request on average salaries for people with comparable skills and experience, and described the skills she would be using on her job as the company's social-media marketing manager. Following Ms. De La Cruz's example, Ms. Wainhouse says she is researching salaries and working on improving her negotiating ability.

SumAll chief executive and co-founder Dane Atkinson says opening up salary information prevents the nasty surprises that happen when pay is kept secret—when an employee discovers by accident that he's making far less than colleagues, but can't discuss it because he isn't supposed to know. Opening the records leads to "more conversation about salary, and a desire to correct salaries along the way," he says.

Open pay can help eliminate discrimination against women and minority groups, says a 2012 study in the Penn State Law Review. SumAll's Ms. De La Cruz says knowing others' salaries eliminates "this looming insecurity" she felt at past employers, "where you were wondering, 'What are other people making? Am I making enough? Did they lowball me?' " Mr. Atkinson says female and minority-group candidates sometimes ask for too little when they're hired. Opening up companywide pay data makes such inequities obvious; he often pays women and minorities more than they ask.

People's pay is sometimes adjusted downward, too, Mr. Atkinson says. Employees sometimes grow frustrated with colleagues who perform poorly, and pressure team leaders or Mr. Atkinson to reduce their pay. The message: "Hey, you've oversold yourself," Mr. Atkinson says. The resulting pay cuts have been small, at about $5,000 to $10,000, and none of the employees targeted have quit, but "it's not an easy chat," he says.

Most employers keep pay secret because letting employees compare paychecks with each other or with top executives "is too disruptive, and not worth it," says Kevin F. Hallock, dean of industrial and labor relations at Cornell University. Others keep salaries under wraps because they "aren't very good at explaining to employees why they're being paid what they're paid," or what they must do to earn more, Dr. Hallock says.

Also, some employers fear competitors will poach their top talent by offering higher pay.

Employees are increasingly likely to figure out anyway how their paychecks stack up via leaks or gossip. Average salaries for many kinds of jobs are published online by such sites as Glassdoor, Salary.com, Indeed.com or Payscale. Some 59% of more than 1,000 workers surveyed last year by the staffing firm Robert Half International said they had checked their salaries against market rates within the preceding year. Also, employees born after 1980 tend to be more open and share pay information.

Pay secrecy is linked to lower employee performance and a higher likelihood of quitting when employees suspect performance assessments or criteria for setting pay are unfair, says a 2015 study co-authored by Peter Bamberger, associate dean for research and faculty at Tel Aviv University in Israel. Many people would rather look for a new job than ask for a raise, the Robert Half survey says; while 89% of participants said they deserve a raise, only 54% said they plan to ask for one.

Opening up salaries for comparison "can be a great conversation-starter," equipping employees to ask how they can improve their performance or advance to higher-paying jobs, says Mark Ehrnstein, global vice president for human resources at Whole Foods Market, Austin, Tex. Whole Foods employees can see salary data for others throughout the company by making an appointment with a human-resource manager.

Buffer, a social-media marketing and analytics company, posts all 65 of its employees' salaries online, including their names, along with revenue, sales and its formula for setting salaries, says co-founder and chief executive officer Joel Gascoigne. Some employees were reluctant at first, but none has had any problems because of the exposure, he says. Buffer gets 2,000 applicants a month for the 5 to 10 positions it typically has open, and Mr. Gascoigne believes the transparency is a major draw. (Another is that employees can work from anywhere, and are scattered across 45 cities on five continents.)

Squaremouth, a travel-insurance comparison website with an open-pay policy, goes an extra step by allowing its 37 employees to vote on raises requested by colleagues on their teams. Employees make their pitch, and a majority vote is required for approval, says Megan Singh, a project manager for the St. Petersburg, Fla., company. Bosses vote, too, giving reasons for their vote. Salaries for comparable jobs elsewhere are part of the discussion, Ms. Singh says. Two of 23 raise requests have been turned down since the company started the practice in 2010.

Software developer Keith Thompson was worried when he took a job at Squaremouth two years ago that colleagues would be jealous of each other's pay, but he soon saw that the transparency shifts the burden to the dissatisfied employee to ask for a raise, he says.

Still, Mr. Thompson is sometimes uncomfortable when seeing "the sheer terror people experience when asking for a raise," he says. Colleagues' attempts to respond with humor can fall flat: "You're kidding! You're going to be making more than [another colleague]?"

Ms. Singh has asked for two raises since joining the company in 2013. Her co-workers gave unanimous approval to a 22% pay increase after she was promoted to director of marketing, but two dissented on a 12% raise she requested after advancing to project-management director, she says.

She got the raise, but "it was not fun" to hear the "no" votes from co-workers who said they didn't know enough about what she was doing to vote yes, she says. She is trying to communicate better and make her contributions more visible.

It took Squaremouth employee Brandi Morse a few months after her first promotion to get up the nerve in 2014 to ask for her first raise, she says. "You have to ask yourself the hardest questions that someone else would ask you: 'Why do I deserve this?'" she says. She practiced her presentation several times, recording herself on video. Her raise was approved.

The Home Refinancing Plan Banks Don't Want You Knowing

Last updated: January 1st, 2016

There has never been a better time to **refinance your home**. That's because of a little-known government program called the Home Affordable Refinance Plan® (HARP). This allows Americans to refinance their homes at shockingly low rates, and **reduce their payments by an average of $3,300 a year.**

But here's the catch - like most government programs, this is likely temporary. Currently the program is set to expire on December 31, 2016. But the good news is, once you're in, you're in. If the thought of **a lower payment or fewer years** on your mortgage sounds appealing, the time to act is right now.

Quick Version: Smart homeowners are using a **free government program** to save as much as $3,300 a year on mortgages. There's absolutely NO COST to see if you qualify. **Click here instantly to see if you qualify.**

It's like a true middle-class stimulus package

This is unknown to many, but the Home Affordable Program is for the middle class. If your mortgage is $625,500 or less (unless you live in a high-cost area then the loan limits may be higher), you most likely qualify. Basically, the Government wants banks to cut your rates, which puts more money in your pocket (which is good for the economy). However, the banks aren't too happy about this - here's why:

1. **You can shop several lenders, not just your current mortgage holder**
2. **Your home's Loan-to-value (LTV) can be 80% to 125%**

You think banks like the above? Rest assured, they do not. They'd rather keep you at the higher rate you financed at years ago. That's why the pressure is on time-wise. The Middle Class seems to miss out on everything (did you ride the last stock bubble? Probably not). Thus, it's almost a no-brainer to jump on this now. You need to **act fast** in order to refinance your house at these current low refinance rates. You can greatly benefit:

- **The average monthly savings** for most eligible Americans is **$275**. Can you use an extra $275 a month?
- Many homeowners not only save every month, but depending on their current rates, they can also shorten their term.

Almost a million homeowners could still save money, but sadly, most of them think the HARP program is too good to be true. Remember, HARP is a free government program and there's absolutely NO COST .

This is why it's a no-brainer - you will likely lower your payment, possibly shorten your term, AND can also get cash. This is how powerful that little word called "interest" is. The middle class never sees "breaks" like this. So this is your chance to get "in".

This often overlooked method to lower your payment (and continue to make the higher payment by directing the excess to the principal) is a great way for you to pay off your mortgage in a shorter period of time, all the while saving more money in interest over the life of the loan.

But how do you find these rates?

Here's the answer - there are a few free websites out there that will compare mortgage rates for consumers, and allow them to choose the best one (that's a great thing about the internet – it allows you to do business with lending institutions all over the country).

Refinance.Comparisons.org, one of the country's largest and most respected mortgage refinance comparison shopping websites, is one of the few companies with HARP lenders on its network, and is currently assisting homeowners like you to obtain further information regarding superb mortgage rates.

With Refinance.Comparisons.org there's no obligation and the service is fast & easy. It takes about five minutes, and the service is 100% free. You have nothing to lose except money stress.

But you do have to act before rates rise.

Here's What Medicare Part B Costs and Covers in 2016

Learn how this part of the Medicare program works.

Dan Caplinger Jan 18, 2016

Retirees rely on Medicare to help them with their healthcare expenses, but getting a better understanding of how the program's different components can be challenging. Medicare Part B plays a key role in the everyday aspects of healthcare, and below, you'll learn more of the specifics of how much Part B costs and what it covers.

What Medicare Part B costs

Medicare participants pay a monthly premium to get Part B coverage, but one of the more confusing things about the program in 2016 is that different participants pay different amounts. The standard charge for most new participants this year is $121.80 per month. But because of a law that ties Medicare increases to cost-of-living adjustments for Social Security, the majority of existing participants will pay the $104.90 monthly premium they paid in 2015.

Medicare Part B is partially means-tested, meaning that those with high income levels pay higher premiums. Depending on your 2014 income, premiums can go as high as $389.80, as the chart below shows.

If your yearly income in 2014 (for what you pay in 2016) was			You pay (in 2016)
File individual tax return	File joint tax return	File married & separate tax return	
$85,000 or less	$170,000 or less	$85,000 or less	$121.80
above $85,000 up to $107,000	above $170,000 up to $214,000	Not applicable	$170.50
above $107,000 up to $160,000	above $214,000 up to $320,000	Not applicable	$243.60
above $160,000 up to $214,000	above $320,000 up to $428,000	above $85,000 and up to $129,000	$316.70
above $214,000	above $428,000	above $129,000	$389.80

Source: Medicare.gov.

In addition to premium payments, you'll also have to pay deductibles and coinsurance amounts. The deductible for Part B is $166 per year, which you pay out of pocket before coverage kicks in. After that, you'll usually pay 20% of whatever amount Medicare approves for most of the services Part B covers. For certain preventive services, Part B takes care of all of the related expenses, leaving you with no out-of-pocket payment at all.

What Medicare Part B covers

Medicare Part B covers services and supplies considered medically necessary to treat a disease or condition. That includes both things that you need to diagnose or treat a condition and services necessary to prevent illness entirely or detect it at an early stage. In practical terms, most participants use Medicare Part B to pay for doctor visits and medical diagnostic tests as part of their ordinary treatment. Yet a number of other items are covered, including ambulance services, clinical research, durable medical equipment, second opinions before a surgical procedure, and mental-health services.

New participants are also covered for a one-time "Welcome to Medicare" preventive visit. This service includes a review of your medical history, as well as height, weight, and blood pressure measurements and a calculation of your body mass index. You also get a vision test, a review of risk for depression, and a written plan covering needed screenings, shots, and other preventive services as part of this visit. Subsequently, yearly wellness visits provide updated information to assess your health.

There are some things that Part B specifically does *not* cover. Dentures and most dental care aren't covered under Medicare, and you can't get coverage for eye examinations related to prescribing glasses or contact lenses or for examinations to provide hearing aids.

Given the wide variety of tests, medical devices, and other services that medical professionals can provide, it's important to know whether Medicare Part B will cover them. The Medicare website provides a tool to determine if a particular item, test, or service is included. However, your doctor or other professional should be able to tell you whether Medicare will pay for whatever treatment they're recommending.

Medicare Part B provides essential coverage for retirees, and what participants pay for the program gets them access to a wide array of necessary medical services. Part B doesn't cover everything, and its costs can be difficult for cash-strapped participants to cover. But it does give many who would otherwise have no coverage a baseline set of benefits they can use to stay healthy throughout their golden years.

The $15,978 Social Security bonus most retirees completely overlook

If you're like most Americans, you're a few years (or more) behind on your retirement savings. But a handful of little-known Social Security secrets could help ensure a boost in your retirement income. In fact, one MarketWatch reporter argues that if more Americans knew about this, the government would have to shell out an extra $10 billion annually. For example: one easy, 17-minute trick could pay you as much as $15,978 more... each year! Once you learn how to take advantage of all these loopholes, we think you could retire confidently with the peace of mind we're all after.

4 Commonly Prescribed Drugs That May Not Be Safe

Martha Rosenberg, AlterNet | January 18, 2016

They are so common no one thinks twice about them: drug ads that tell you about a disease you might have and a pill that could treat it. Just "ask your doctor," they say, if the pill is right for you.

Until 1997, such direct-to-consumer (DTC) ads did not exist because without a doctor's recommendation, how could people know if the medication was appropriate or safe? The only thing people knew about drugs and drug risks was from ads they peeked at in medical journals at the doctor's office.

To sell drugs, the ads raise awareness of conditions people never worried about before and probably don't have.

But after the ads started in 1997, the allergy pill Claritin became a household word, along with Xenical, Meridia, Propecia, Paxil, Prozac, Vioxx, Viagra, Singulair, Nasonex, Allegra, Flonase and, of course, Lipitor—and Big Pharma became a Wall Street darling.

Now the American Medical Association (AMA) is taking a second look at DTC advertising. In November 2015, doctors at the AMA's Interim Meeting sought a policy to address one of its biggest problems: the growing proliferation of ads "driving demand for expensive treatments despite the clinical effectiveness of less costly alternatives." Billions are spent advertising expensive new drugs that are not clearly better than existing ones, the AMA said. The Kaiser Family Foundation agreed and said exorbitantly priced drugs—like $1,000-a-pill hepatitis C drugs and recently approved PCSK9-inhibiting cholesterol drugs—are the "public's top health care priority." The new cholesterol drug will cost an estimated $14,000 a year.

Looting tax dollars and raising health premiums is only one result of DTC advertising. To sell drugs, the ads raise awareness of conditions people never worried about before and probably don't have. Some conditions are so rare the ads appear to be selling the disease itself. How many people, for example, suffer from "Non-24," a condition that mostly affects blind people yet is currently advertised on TV? How many people suffer from "exocrine pancreatic insufficiency" and need to ask their doctor about their "poop" as other ads currently suggest?

Nor are the drugs even clearly safe. Many of the aggressively advertised drugs have risks that have surfaced after their ad campaigns expire (Others like Vioxx, Bextra, Baycol, Trovan, Meridia, Seldane, Hismanal and Darvon were removed from the market altogether).

Here are some heavily advertised drugs that are not necessarily safe.

1. GERD Meds

Few had heard of the condition gastroesophageal reflux disease before DTC advertising. While a small percentage of the population may have GERD, the condition is widely believed to have been pushed to sell proton pump inhibitors (PPI) like Nexium. In many cases "GERD" is really heartburn and can be treated with Tums or Rolaids, critics said.

GERD has made a lot of money. The "Purple Pill," Nexium, made almost $5 billion in the U.S. in one year and the class of PPIs made $13.6 billion, translating into 119 million prescriptions. But safety questions have followed.

In 2012, the U.S. Food and Drug Administration (FDA) warned that PPIs are linked to Clostridium Difficile or C. Dif, a sometimes deadly intestinal infection that is becoming increasingly drug resistant. In 2013, medical literature linked PPIs to fractures, calcium and magnesium deficiencies, community-acquired pneumonia and vitamin B-12 deficiencies. Other research suggests PPIs might cause blood vessels to constrict and cardiovascular risks and this month, research said PPIs may be linked to increased risk for chronic kidney disease.

2. Lipitor

If DTC advertising was the medium that made Big Pharma a Wall Street darling, statins like Lipitor were the drug class. In 2005 statins earned $18.7 billion in the U.S. and Pfizer’s Lipitor became the best-selling drug in the world.

Patients loved statins because they could ignore diet and exercise advice and still, apparently, reduce heart attack risks; their body would “forgive” the bacon cheeseburger. But not all medical voices agreed. Some wondered why the nation spent approximately $20 billion a year on cholesterol-lowering drugs instead of effective, less dangerous and less expensive lifestyle and diet changes. Others questioned the value of statins themselves.

High cholesterol, which statins treat, is a “relatively weak risk factor for developing atherosclerosis,” Barbara Roberts, an associate clinical professor of medicine at the Alpert Medical School of Brown University told me. “Big Pharma has consistently exaggerated the benefits of statins and some physicians used scare tactics so that patients are afraid that if they go off the statins, they will have a heart attack.” Though many doctors have “swallowed the Kool-Aid,” Dr. Roberts, author of The Truth about Statins, said, “diabetes and smoking are far more potent when it comes to increasing risk.”

In 2012, the FDA floated new risks to the entire statin class, adding warnings to their labels about memory impairment, diabetes, liver injury and muscle damage. Memory problems had always been suspected with statins, but after Lipitor’s patent ran out, they were confirmed.

3. Crestor

Statins were given a big boost by Paul Ridker of Brigham and Women’s Hospital in Boston, who presented the results of a study on the statin Crestor, funded by its manufacturer AstraZeneca, in 2009. Even though Ridker was co-inventor of a related patent and stood to profit from sales and study authors listed 131 financial ties to Big Pharma, the media were wowed. Headlines screamed “AstraZeneca’s Crestor cuts death, heart attack” and “Crestor study seen changing preventive treatment!” Ka-ching.

But doctors posting online comments in the New England Journal of Medicine were not convinced, especially since the study was stopped early because, AstraZeneca said, of its clearly positive results. “It is well established that RCTs [randomized controlled trials] stopped early overestimate benefits significantly,” wrote a physician from Rochester, Minnesota. “It is shocking that this trial was terminated 50 percent through, based on a small absolute benefit, with real questions about long-term risk,” a poster from LSU Law Center, read.

During Crestor-mania, few remembered that the FDA’s own David Graham had named the drug among the top five most dangerous in Capitol Hill testimony. Public Citizen, the national watchdog group, had petitioned for the drug’s withdrawal and research in the journal Circulation found Crestor “was significantly more likely to be associated with the composite end point of rhabdomyolysis, proteinuria, nephropathy or renal failure" than related drugs.

4. Vytorin

Vytorin was heavily advertised as treating both genetic and dietary sources of cholesterol and combined the statin drug Zocor with the anti-hyperlipidemic drug Zetia. The problem was, it was marketed before a study confirmed its effectiveness and when the study was published, it found Vytorin had no effect on the buildup of plaque in the arteries. Oops.

Like other expensive and popular drugs, the issue wasn't just that Vytorin did not work any better than a much cheaper drug. Its makers, Merck and Schering-Plough, also admitted "theoretical" safety concerns about liver damage. In 2014, American Journal of Cardiology authors reported an unexpected increase in cancer incidence and mortality in subjects possibly linked to ezetimibe, one of the Vytorin ingredients.

Vytorin demonstrates well the AMA's current concerns about profiteering. The state of New York paid $21 million for Vytorin in two years out of its Medicaid dollars—a likely worthless drug. "Drug companies are on notice that concealing critical information about life-saving prescription drugs, profiting at the expense of patients' health and wasting taxpayer dollars, is simply unacceptable," then New York Attorney Andrew Cuomo, now governor, said.

Vytorin was such a scam, Sen. Chuck Grassley (R-Iowa) asked the General Accounting Office to investigate why the FDA would approve a drug to reduce artery-clogging plaque that didn't reduce artery-clogging plaque. Former Congressmen Bart Stupak (D-MI) and John Dingell (D-MI) asked why Schering-Plough Executive VP Carrie Smith Cox unloaded $28 million in stock when she knew the study failed before the public did.

"Many consumers may not have taken Vytorin had they been aware of the study results," Rep. Stupak said during hearings. He might have added "had they not seen DTC advertising."

When to Plan for Retirement Income vs. Savings

By Mark P. Cussen, CFP®, CMFC, AFC | January 20, 2016

Although many Americans worry about retirement and are doing everything they can to save for it, they commonly look at their retirement plan balances as means of measuring their progress. But the ultimate end of retirement savings is to generate income, so projecting your future cash flow can provide a more realistic indicator of financial preparedness. The key is to remember that there is a statistically a real chance that you could live well into your nineties.

Analyzing Desired Cash Flow

The first step to projecting your cash flow during retirement is to look at your current budget. If you are able to save at least 10% of your income now, then your retirement income will probably only need to be 90% of your current income level at most, with adjustments for inflation. But the amount of income that you will need after you stop working is not likely to be substantially less than what you need now. If you make $75,000 now and plan to retire in 10 years when you are 70 years old, then you will probably need to receive at least $65,000 a year after you retire unless your expenses are going to be a lot lower than they are now. If you plan on staying in your current residence and will have it paid off by retirement, then you can obviously reduce your monthly expenditures by the amount of principal and interest (but not insurance and taxes) that you are currently paying each month

Translating your nest egg into monthly income requires the quantification of several variables and the ability to perform some time-value of money (TVM) calculations. There are several TVM calculators available online at websites such as Bankrate.com, and these tools can help you to see how long you can realistically make your money last with a given set of assumptions. If you have $250,000 saved up and need to make your money last for 30 years, then you will need to allocate a significant percentage of your portfolio to equities. However, you may want to take a more conservative overall position in your portfolio during the first few years of retirement, because your draw down risk (the chance that you will significantly decrease the earning power of your portfolio from initial market losses) is the greatest during your early retirement years.

For example, if you have $500,000 in your 401(k) plan and your plan balance drops by $150,000 the year after you retire because of a market correction, then you have lost $150,000 of principal that you could have used to generate investment income for the rest of your life. Therefore, a more stable allocation at the beginning can help you to avoid large initial losses that can permanently cripple your portfolio. But if the numbers that you run show that you're not going to have remotely the amount of income that you want to have when you retire, then you will need to start considering some major changes such as delaying your retirement or downscaling your future lifestyle.

Delaying your Social Security benefits can also increase your income in your later years if you are able to afford this option, but you may be better off taking it earlier and then socking that money away in a Roth IRA or other retirement vehicle while you continue to work. There is no one right answer to solving the retirement income equation, but some options are almost always going to be better than others. You may want to take a look at a longevity insurance policy that will provide a substantial guaranteed monthly payout after age 85 if you think that there is a good chance that you will make it into your nineties. This type of policy can allow you to map out the rest of your retirement plan with more precision, as you will usually only have to make the rest of your savings last until this payout kicks in.

Get Professional Help

Cash flow analysis is where a financial planner can really be of service. A comprehensive financial plan can show how long your money will last at a given rate of dispersion in your tax bracket. It can also incorporate other variables such as market performance and your estimated Social Security benefits. Perhaps most importantly, it can also show you what will happen with your finances if you live to be 95. About one in five Americans will. And a financial planner who also manages assets can help you to determine the correct mix of assets during each stage of your retirement so that you can get the most from your money over time.

The Bottom Line

Accumulating a nest egg is only the first step in effective retirement planning. If you don’t have a clear idea of how much monthly or annual income your portfolio can generate during your retirement, then you’re not ready to retire. A financial planner can help you to see exactly where you stand financially and what changes you may need to make in order to reach your retirement goals.

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