

Health & Retirement Services Of Illinois

November 2010 Newsletter

OUR NEWS LETTER



Top 5 Tips to Build Wealth and Success

Peter Gorenstein and Farnoosh Torabi Tuesday, October 5, 2010

Warren Buffett is worth \$45 billion. That wealth isn't only a factor of savvy investing and good business — the "Oracle of Omaha" is also known as a penny pincher. Buffett still lives in the same Omaha, Neb., home he bought in 1958 for \$31,500.

Follow his frugal formula, and you too may wind up with a lot more money than you ever dreamed.

This week Financially Fit covers five tips to build wealth and success.

1. Live Below Your Means.

Being wealthy isn't just a product of your salary or investment prowess; it's learning how to save.

"We can make a lot of money, you can make a little bit of money, but the second you spend all the money is when people get into trouble. Saving is the key to preserving your wealth," says Ed Butowsky, managing partner of Chapwood Capital Investment Management, a firm that manages money for wealthy individuals.

As many Americans realized during the booming real estate market, just because you think you can afford something doesn't mean you should buy it. Keeping an eye on your bottom line will pay dividends over the long term.

2. Bounce Back From Defeat

With nearly 15 million workers unemployed right now in the U.S., it's easy to get discouraged. Don't! Most successful and wealthy people have overcome obstacles and failure along the way. Steve Jobs was ousted from Apple when he was 30. Today, he's a billionaire and a legend. Plus, after getting fired, he created another billion-dollar media company, Pixar.

"Bouncing back from defeat is something all great achievers have. They have this undying belief good things will happen and will continue to happen," says Butowsky.

Take Michael Jordan. "His airness" was cut from his high school basketball team. Motivated by the rejection, Jordan became a star the next season. The rest is history.

In Our Newsletter

1. TOP 5 TIPS TO BUILD WEALTH & SUCCESS.
2. 10 WAYS TO SAVE \$\$ ON YOUR UTILITY BILLS.
3. UNDERSTANDING THE ROLE OF DIET IN LOWERING BLOOD PRESSURE.
4. NORTHWESTERN PROFESSOR WINS NOBEL.
5. CMS LAUNCHES NEW FEATURE ON MYMEDICARE.GOV.
6. NO INCREASE FOR SOCIAL SECURITY IN 2011.
7. DOCTORS DRAW PAYMENTS FROM DRUG COMPANIES.
8. THE BEST SMALL CITIES TO RAISE A FAMILY.
9. HEALTHCARE LAW ELIMINATING MANY CO-PAYS FOR PREVENTIVE SERVICES.
10. HOW WASHINGTON COULD CREATE JOBS.
11. SEVEN STEPS TO A SOUND RETIREMENT.



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3. Self-Promote

Regardless of the profession, the rich and successful tend to have a strong sense of self-worth — key to skillfully navigating an upward career path. Mark Hurd, who was ousted as CEO of Hewlett-Packard in August, couldn't be kept down for long. Using his business skills and connections, in September, Hurd was named president of Oracle. (Hurd and Oracle founder Larry Ellison are known to be close friends.)

4. Have Street Smarts

Bernie Madoff lived the high life for decades, scamming unsuspecting clients, with a money-making formula that proved too good to be true. Only afterward did we learn that with a little due diligence, most clients could have easily uncovered the fraud.

But it's not only the swindlers and the con men you have to watch out for. Many times, friends and family take advantage of the rich. Whether it's a handout or an investment idea, Butowsky advises his high net worth clients that in most cases, it's wisest to just say "no." The best way to do that: have someone else do it for you.

"You need to really set up a wall between you and your family," he advises. "If you don't want to give them (family or friends) money ... saying no is probably a good idea."

5. Buy Cheap

The rich can afford to splurge, but that doesn't mean they do.

John Paulson, a billionaire hedge fund manager, bought his Hamptons "dream house at a bargain basement price," according to Greg Zuckerman, author of the Paulson-based book, "The Greatest Trade Ever." The story has it that Paulson eyed the home while it was in foreclosure. Finally, on a rain-soaked day, he purchased the home on the Southampton town hall steps. He was the only bidder.

On New York City's Upper East Side, Michael's— The Consignment Shop for Women— has been a bargain-hunting destination for more than 60 years. "We have a good percentage of women who can afford to shop on Madison Avenue but really like the idea of saving that money," says proprietor Tammy Gates.

From Chanel to Gucci and Louis Vuitton, the store specializes in high-end designer merchandise for a reasonable price. Speaking of her clientele, Gates says, "they're wealthy for a reason. They recognize that bargains keep people wealthy. Paying top dollar when you don't have to doesn't make sense."

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10 Ways to Save Money on Your Utility Bill.

Claes Bell Saturday, October 2, 2010

Although the green movement has been trumpeting the importance of energy conservation for years, it popped up on Americans' radar screens in a major way after oil-price spikes in 2008 caused utility companies to add fuel surcharges to customers' bills.

Add to that droughts and water shortages in many regions of the country that forced strict water use restrictions, and homeowners have plenty of incentive to save money on their utility bills any way they can.

Here are 10 large and small changes you can make to help your home be more energy efficient and cut utility bills for years to come:

1. Paint Your Roof White

A 1999 study by the Lawrence Berkeley National Laboratory's Heat Island Group found that in sunny climates, buildings with white roofs required up to 40 percent less energy for cooling than those with black roofs. At current utility rates, that means you could save \$120 or more per year in cooling costs.

An inexpensive white, elastomeric coating will do the job and can be found at most hardware stores in states in the southern half of the U.S. Elastomeric coating is a blend of polymers that is durable, flexible and waterproof, and offers the fringe benefit of helping to increase your roof's life span and water resistance. All you'll need to apply it is heavy-duty paint rollers on an inexpensive old paint roller frame, with an extension pole attached to save wear and tear on your back.

2. Install an Irrigation Meter

Do you know that you are charged twice for the water you use every month -- once to pump it into your house and again to pump it out as sewage?

"The assumption is every gallon of water that you run out of your faucet is going to go back down the drain," says Eric Liskey, deputy editor for garden and outdoor living at Better Homes and Gardens magazine.

But if you use water to irrigate your lawn or garden, that water never makes it into the sewer system.

To save money by making sure you're only paying for the sewer capacity you're using, many utilities offer the option to get a separate meter to measure water usage for irrigation, swimming pools and other outdoor uses, says Liskey. Once installed, the meter will be read every month by your utility company and its reading subtracted from your sewage bill.

The meter will cost you several hundred dollars upfront. But since you'll no longer be charged for sewage capacity you're not using, it should pay for itself within a few years, especially if you use a significant amount of water in the yard.

3. Do a Nightly Energy Sweep

We all have left fans, lights or appliances on at night while we sleep, but doing so wastes increasingly expensive energy.

To save money, do a nightly sweep through the house to make sure all your electric devices are turned off before you go to bed. It may be a pain, but the savings from simply turning everything off can add up quickly. It takes about \$9 per year to run just one compact fluorescent lightbulb through the night, \$21 for a conventional bulb and \$35 for a big ceiling fan on high, according to the energy calculators at MichaelBluejay.com.

4. Set Your Water Heater at 120 Degrees

Not only does heating your water too hot create the danger of scalding, it can cost you cash.

The Environmental Protection Agency estimates that a heater set at 140 degrees or higher can waste \$36 to \$61 annually in standby heat losses to keep water at that temperature, and more than \$400 to bring fresh water up to that high temperature. To save even more money, you can turn your electric heater off or turn your gas heater down when you go on vacation to save even more.

5. Use Reusable AC and Furnace Filters

How many times have you put off changing out the filter on your heating, ventilating and air-conditioning system because you didn't want to buy a new filter?

Problem is, waiting a long time to change your filter makes your HVAC system less efficient and costs you more in electricity. Dirt and neglect can even cause your expensive HVAC unit to die an untimely death, said Maria Vargas, spokeswoman for the EPA's Energy Star program. Instead, spend a little more to get a reusable filter than you can simply hose off when it gets clogged up with dust and other particles.

Using a permanent filter, you'll save money in the long run, cut your utility bill and prolong the life of your HVAC unit. If the disposable AC filters that must be changed every three months are around \$4 each, you can recoup the \$20 to \$40 cost of a permanent filter in as little as 15 months.

6. Upgrade Your Appliances

Many state and local governments and utility companies offer financial incentives for homeowners to upgrade their appliances to newer, more energy-efficient models.

These incentives usually take the form of rebate checks for homeowners who can provide proof of purchase. To save money, find incentives offered in your area by checking the online Database of State Incentives for Renewables and Efficiency, or DSIRE.

For instance, searching within the state of New York, DSIRE shows 47 separate tax incentives, grants and rebate programs.

That includes a state program that offers a rebate of \$105 for an energy-efficient refrigerator if you recycle the old one, \$75 for a freezer and \$100 for a clothes washer.

7. Don't Let Cash Slip Through the Cracks

When you add up the cumulative effect of all the small leaks in your home, it has the effect of leaving a window open all year long, the EPA's Vargas says.

To save money, you can use inexpensive expanding foam or caulk available at your local hardware store to seal cracks in the following areas where cold or warm air typically escapes. Those places include:

- Around windows and doorframes.
- Around the top of the basement wall where the cement or block contacts the wooden frame, known as the rim joist.
- Around the holes in walls where pipes enter and exit your home.

8. Do Your Meter and Utility Bill Match Up?

Utility workers make mistakes just like the rest of us, and when they make mistakes reading your meter, it can be costly. While you'll probably notice a big error on your utility bill, you may not catch more subtle errors.

Make sure you're only getting charged for the electricity you actually used by comparing the meter reading on your utility bill to what you actually see on your meter. If the amount on your meter is lower than the one on your bill, that's a dead giveaway that you're being overcharged. Reading a meter isn't exactly child's play, but the Jacksonville, Fla., utility company JEA has a handy primer.

9. Buy Energy-Star Certified Products

You've probably heard of Energy Star, the partnership between the EPA and the U.S. Department of Energy that identifies energy-efficient products, especially as it relates to energy-intensive items like water heaters and clothes dryers. But Energy Star labels won't just help you save money on big, expensive appliances, says Vargas.

"Energy Star now offers the label on over 60 different kinds of things, so lightbulbs, TVs, clothes washers, refrigerators, furnaces, fans -- all those -- can earn the Energy Star rating," says Vargas.

And while an Energy Star lightbulb won't yield as much savings as an Energy Star refrigerator, those savings do add up, she says.

What's more, many of the Energy Star-qualified products don't cost any more than conventional products, says Vargas. If they do, the EPA won't grant the Energy Star label unless its figures show you'll recoup that extra outlay within five years or less on electricity and water costs.

10. Buy a Programmable Thermostat

Growing up, you probably had a frugal relative who enforced strict limits on how high or low the thermostat could be set. If you don't have one now, a programmable thermostat can play this role for your home automatically. Based on your family's schedule, you can program it to automatically set the target temperature higher in the summer and lower in the winter when your family won't be home.

Prices on the thermostats have come down so much -- you can buy one at a hardware store for as little as \$25 -- that installing one is a no-brainer, especially because the EPA estimates the average homeowner can save \$180 per year with a properly programmed unit.

Understanding the role of diet in lowering blood pressure.

1:01 p.m. CDT, October 5, 2010

How high is too high when it comes to your blood pressure? A reading of 140/90 and up is considered high. About two-thirds of Americans older than 65 have high blood pressure, and more may experience pre-hypertension.

There's no quick and easy way to reduce blood pressure, but a combination of exercise and eating right can help. DASH, or Dietary Approaches to Stop Hypertension, published by the U.S. Department of Health and Human Services, outlines specific foods and serving sizes for a 2,000-calorie diet that may help bring your numbers down.

Along with lean meats, vegetables and fruits, the recommended diet includes a portion of nuts or legumes four to five times a week. The Orlando Sentinel reports on a new study that examines the potential benefits of one nut in "Eating walnuts or walnut oil may help your body handle stress."

Another good resource with step-by-step tips: "10 ways to control high blood pressure without medication" at MayoClinic.com.

([back to index](#))

NU professor among economics Nobel winners.





By Julie Johnsson Posted today at 2:43 p.m.

Northwestern professor Dale Mortensen, center, is welcomed to a press conference at the University of Aarhus, in Aarhus, Denmark, Monday Oct. 11, 2010. (Polfoto/Andreas Szlavik)

Northwestern University professor Dale Mortensen won the Nobel Prize for economics, Monday, for demonstrating the job market is far more complicated, and irrational, than economists had believed.

Federal Reserve board nominee Peter Diamond was also honored along with Christopher Pissarides with the 10 million Swedish kronor (\$1.5 million) prize for their analysis of the obstacles that prevent buyers and sellers from efficiently pairing up in labor, housing and other markets.

During the past 30 years, the three have created a framework that is widely used by policy-makers to explore how the economy and other factors affect joblessness.

Their research has been controversial, especially since it has suggested that more generous benefits bring about higher unemployment and longer search times for the unemployed.

Mortensen, who is in Denmark conducting research as a visiting professor at Aarhus University, said that he learned of the honor as he was sitting down to lunch Monday.

"I'm somewhat overwhelmed and of course gratified and highly honored that the work has received this recognition," he told reporters Monday.

He is the first Northwestern professor to win Nobel honors for economics. His award was lauded by the University of Chicago, which claims 10 Nobel laureates among current and former faculty members, ranging from Milton Friedman in 1976 to former Northwestern faculty member Roger Myerson in 2007.

Tweeted the Booth School of Business: "Congrats to NU's prof Dale T. Mortensen, on his 2010 Nobel in Econ. Of course hoping for a Chicago win, but happy for our friends up north."

Diamond — a former mentor to current Federal Reserve chairman Ben Bernanke — analyzed the foundations of so-called search and matching markets, while Mortensen and Pissarides expanded the theory and applied it to the labor market.

Mortensen said that when he began researching labor theory in the early 1970s, conventional wisdom held that labor markets behaved like the board of trade, with employers and job-seekers efficiently finding each other at wages that were fair to both sides.

With Diamond, he began researching "frictions" that could explain market anomalies, like why there are both job vacancies and unemployment simultaneously.

Their ideas were considered radical at the time. Mortensen recalled colleagues walking out on a meeting "because I was promoting the idea that unemployed workers could do something about their unemployment."

Their work resulted in the so-called Diamond-Mortensen-Pissarides model, a frequently used tool to estimate how unemployment benefits, interest rates, the efficiency of employment agencies and other factors can affect the labor market.

The model can be used to estimate factors such as the average duration of spells of unemployment, the number of vacancies and real wages, the academy said.

But their framework doesn't suggest any quick or easy government fixes for the current high unemployment rate in the U.S., Mortensen said.

"What's going on now is a disruption in the normal operation of the labor market," he said. "The source of that is the financial crisis."

Mortensen, 71, has been on Northwestern's faculty since 1965 and has been the Ida C. Cook Professor of Economics since 1985. He has authored numerous ground-breaking studies on the labor market and authored a book, "Wage Dispersion, Why are Similar People Paid Differently," published by MIT Press, in 2003.

Myerson, who taught at Northwestern from 1976 to 2001, said he considered Mortensen a "sage." Myerson recalled seeking Mortensen's advice on a paper he was drafting early in his stint at Northwestern.

"He was very, very wise about telling me the flaws in my paper, and giving me just the right direction to find a better topic to research," Myerson said. "It's not easy to tell a younger colleague that they're putting a lot of time into a paper that's kind of a dead end ... And his comments were given in a way that made you feel good about yourself, while being critical. Not everybody can do that."

Diamond, 70, is an economist at the Massachusetts Institute of Technology, and an authority on Social Security, pensions and taxation.

President Barack Obama has nominated Diamond to become a member of the Federal Reserve. However, the Senate failed to approve his nomination before lawmakers left to campaign for the midterm congressional elections.

Senate Republicans have objected to what they see as Diamond's limited experience in dissecting the inner workings of the national economy.

Bernanke was one of Diamond's students at MIT. When Bernanke turned in his doctoral dissertation back in 1979, one of the people he thanked was Diamond for being generous with his time and reading and discussing Bernanke's work.

Pissarides, a 62-year-old professor at the London School of Economics,

and Mortensen won another top economics prize in 2005 from the Institute for the Study of Labor, in Bonn, Germany, for their pioneering research on labor turnover.

Although Nobel prize nominees aren't notified that they are on the academy's short list of candidates, the three economists had long been rumored to be contenders.

"This work has been in the process for at least 30 years," Mortensen said. "It may have been our time, or it may have just been that they ran out of other people (to honor)."

Mortensen first learned of the prize via email, followed in rapid succession by congratulatory calls from members of the committee vetting finalists, his wife Beverly told the Tribune.

"It's been in the wind the last couple of years, but it's amazing when it happens," said Beverly Mortensen, who is also a faculty member at Northwestern.

[\(back to index\)](#)

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CMS puts Medicare personal health data at your fingertips

Centers for Medicare and Medicaid Services launch 'Blue Button' downloads at MyMedicare.gov.

The Centers for Medicare and Medicaid Services has launched a new feature on the the MyMedicare.gov secure website that enables 47 million Medicare beneficiaries to view, download and print their complete medical records, officials announced.

The CMS "Blue Button" download feature is similar to the Veterans Affairs Department's debut of a Blue Button capability on its MyHealtheVet website in August.

The Blue Button capabilities are open government initiatives by both agencies in response to calls from the Markle Foundation and advocacy groups to allow patients greater access to their personal medical data.

The VA's Blue Button has already proven to be popular. Since it was introduced in August, more than 60,000 veterans have downloaded their medical files, the release said.

Both CMS and the VA are cautioning users of the Blue Button to take steps to protect the personal medical information once it is downloaded, either with a password or by encryption, or, if printed on paper, it must be stored in a secure location.

In the future, the feature will offer the ability to download data from the electronic record systems of major pharmacies such as Walgreens and CVS, from major lab systems such as Quest and LabCorp; and from physicians' offices, according to the news release.

Currently, only a small percentage of doctors use electronic record systems, but the adoption rate is expected to increase as a result of incentive payments under the economic stimulus law of 2009.

"Having ready access to personal health information from Medicare claims can help beneficiaries understand their medical history and partner more effectively with providers," reads a news release published on the White House Blog.

[\(back to index\)](#)

Gov't: No increase for Social Security next year.





AP – Betty Dizik is seen near her home in Tamarac, Fla., Thursday, Oct. 14, 2010. Dizik, 83, said she was ...

By STEPHEN OHLEMACHER, Associated Press Writer Stephen Ohlemacher, Associated Press Writer.

WASHINGTON – More than 58 million retirees and disabled Americans will get no increase in Social Security benefits next year, the second year in a row without a raise.

The Social Security Administration said Friday inflation has been too low since the last increase in 2009 to warrant an increase for 2011. The announcement marks only the second year without an increase since automatic adjustments for inflation were adopted in 1975. The first year was this year.

The cost-of-living adjustments, or COLAs, are automatically set each year by an inflation measure that was adopted by Congress back in the 1970s.

To make up for the lack of a COLA, the House will vote in November — after congressional elections — on a bill to provide \$250 payments to Social Security recipients, House Speaker Nancy Pelosi said. But even if Pelosi can get the House to pass the proposal, it faces opposition in the Senate.

The absence of inflation will be of small comfort to many older Americans whose savings and home values still haven't recovered from the recession. Many haven't had a raise since January 2009, and they won't be getting one until at least January 2012. And the timing couldn't be worse for Democrats as they approach an election in which they are in danger of losing their House majority and possibly their Senate majority as well.

"We're a little bit upset because our bills are going up and our Social Security isn't," said Betty Dizik of Tamarac, Fla., a retired tax preparer and social worker.

Dizik, 83, said her only source of income is a \$1,200 monthly payment from Social Security.

"I'm like a lot of other people in my predicament who live on Social Security," Dizik said. "It's hard. We cannot make ends meet."

Claire Edelman of Monroe Township, N.J., said she was so hard up that at the age of 83 she applied for a temporary job as a census taker for the 2010 Census. She didn't get the job, so she gets by on a small pension from her job with the state and her monthly Social Security payment of \$1,060.

"I just hope there is some way to reconsider that decision (on the COLA) because it is going to affect so many people," Edelman said. "I can't understand why the Congress hasn't seen that there's been an increase in everything."

A little more than 58.7 million retirees and disabled Americans receive Social Security or Supplemental Security Income. Social Security was the primary source of income for 64 percent of retirees who got benefits in 2008.

The average Social Security benefit: \$1,072 a month.

Social Security is supported by a 6.2 percent payroll tax — paid by both workers and employers — on wages up to \$106,800. Because there is no COLA, that amount will remain unchanged for 2011.

The last increase in benefits came in 2009, when payments went up by 5.8 percent, the largest increase in 27 years. The big increase was caused by a sharp but short-lived spike in energy prices in 2008.

Gasoline prices topped \$4 a gallon in the summer of 2008, jolting the inflation rate and resulting in the



high COLA for 2009. When the price of gasoline subsequently fell below \$2 a gallon, so did the overall inflation rate. Seniors, however, kept the high COLA for 2009.

"They received a nearly 6 percent COLA for inflation that no longer really existed," said Andrew Biggs, a former deputy commissioner at the Social Security Administration and now a resident scholar at the American Enterprise Institute.

"Seniors aren't being treated unfairly, here," Biggs said. "It looks bad, but they're actually not being treated unfairly."

By law, the next increase won't come until consumer prices rise above the level measured in 2008. The trustees who oversee Social Security project that will happen next year, resulting in an estimated 1.2 percent COLA for 2012.

Advocates for older Americans are pushing for some kind of payment to make up for the lack of a COLA.

"I know everybody's been hurting. I see it everyday. But they are really hurting," said Barbara Kennelly, a former Democratic member of Congress from Connecticut who is now president and CEO of the National Committee to Preserve Social Security and Medicare.

"It's one more thing to be disappointed in," she said.

[\(back to index\)](#)

Doctors draw payments from drug companies.

Physicians say presentations they make are educational, but critics say the practice puts financial rewards ahead of patient care.



José M. Osorio/Tribune

By Judith Graham, Tribune reporter 11:13 p.m. CDT, October 18, 2010

Follow drug company money in Illinois, and it leads to the psychiatry department at Rush University Medical Center, a prominent headache clinic on the North Side of Chicago, a busy suburban urology practice and a psychiatric hospital accused of overmedicating kids.

In each of these settings, doctors are drawing an extra paycheck — worth tens of thousands of dollars a year or more — for speaking to other medical professionals about pharmaceutical products at company-sponsored, company-scripted events in Illinois and across the country.

The extent of these activities is only now coming to light as drug companies start publicly releasing data about their relationships with physicians, information that until now has been a closely guarded secret.

The pharmaceutical data show that 11 Illinois physicians each earned more than \$100,000 between January 2009 and June 2010 from seven companies, according to a new database compiled by the national investigative news organization ProPublica. An additional 13 medical providers earned between



\$75,000 and \$100,000, primarily for participating in speakers' bureaus and educational forums. Most doctors received far lesser sums.

This medical moonlighting is perfectly legal but highly controversial.

Doctors and drug companies say their collaborations provide time-pressed medical professionals with much-needed education about how best to treat illnesses and how various drugs work. But other medical and policy experts say physicians involved in the activities have crossed an important line, straying into the realm of product promotion and potentially compromising their independence and patient care.

"Let's be honest: The purpose of these talks is to influence doctors to buy a company's drugs," said Eric Campbell, an associate professor of health policy at Harvard Medical School.

That may raise potential problems if patients are prescribed medications that are not necessary, are needlessly expensive or are not appropriate for their conditions.

Dr. Catherine DeAngelis, editor of the Journal of the American Medical Association, criticized the speaking arrangements, saying they posed "a conflict of interest" and threatened to put doctors' "own financial benefit before that of the patients who trust them."

More than a dozen physicians interviewed by the Tribune explained that they work with drug companies because they enjoy teaching other practitioners about important medications and the research behind them. None of the physicians routinely tells patients about his or her drug company-sponsored activities, and all said they believe such ties have no effect on their medical practices.

"To me, it's always been about helping physicians understand the treatments that are available for migraine," said Dr. Merle Diamond, president of the Diamond Headache Clinic on the North Side.

Diamond received \$148,300 this year and last, mostly for speaking on behalf of GlaxoSmithKline. Four colleagues listed on her headache clinic's Web site received lesser sums from Glaxo.

Dr. David Guthman, a urologist who practices in Arlington Heights, earned more from these pharmaceutical firms than any other Illinois physician — \$210,091 this year and last. The sum includes \$195,750 from Glaxo for discussing medications for enlarged prostates and bladder dysfunction.

"I will not speak for a drug that I don't believe in wholeheartedly," Guthman said. "I would argue we're helping health care by avoiding misuse of drugs."

The ProPublica database draws from information posted online by Eli Lilly and Co., Pfizer Inc., AstraZeneca, GlaxoSmithKline, Merck & Co. Inc., Johnson & Johnson and Cephalon Inc. Several companies released data about their relationship with physicians in the wake of legal settlements related to allegedly fraudulent marketing activities. ProPublica gathered the information in one place and made it easy to search by a doctor's name or home state.

All pharmaceutical and medical device firms will be required to make similar disclosures by 2013 under the Physician Payments Sunshine Act, passed as part of national health reform earlier this year. Because dozens of drug companies haven't reported data yet, some doctors may be making much more than the sums disclosed to date.

In Illinois, Eli Lilly spent the most money — nearly \$4 million — on doctors and a small number of nurses who speak for the company.

"When it comes to this kind of expert scientific and product knowledge, physicians really like to hear from other physicians," spokesman J. Scott MacGregor said.

But several medical experts say the true agenda is to sway doctors to use products featured at company-sponsored sessions — typically newer, brand-name medications that may cost more than alternatives without being substantially more effective.

"Do you think drug companies would spend millions of dollars on this if it didn't serve their interests?" DeAngelis said.

Angela Maher, a former Michigan drug sales representative turned whistle-blower, described training sessions where psychologists and coaches would brief her on how to play on doctors' vulnerabilities — their desire to feel important, their eagerness to be on the cutting edge — while working to boost sales.

Each time a physician would give a talk, Maher would fill out a "return on investment" spreadsheet tracking prescription trends for all the doctors who attended the event. If sales went up, the speaker was asked to give another presentation, she said. If not, further invitations to speak would not be extended. Over a 13-year period, Maher worked for four drug companies.

Both the Institute of Medicine, which published a major report on conflicts of interest in medicine last year, and the Association of American Medical Colleges have voiced concerns and suggested that doctors be discouraged from participating in company-sponsored speakers bureaus, especially when lectures are prepared by companies, which most now are.

Many doctors told the Tribune that the U.S. Food and Drug Administration approves presentations in advance. That is not the case. The agency requires companies to submit materials only on the day they're used, said Tom Abrams, director of the FDA's division of drug marketing, advertising and communications. Some but not all are then reviewed after the fact.

Dr. Nada Stotland, of Chicago, a former president of the American Psychiatric Association, said she worries doctors are deceiving themselves about the potential for manipulation.

Studies have shown that even small sums can influence physicians, usually unconsciously, and alter prescribing habits, she said. Yet while physicians recognize that colleagues may be susceptible to influence, they tend to deny any personal vulnerability, she said.

"The implication that care of their patients — which they feel is of the utmost importance — could be compromised feels profoundly insulting," Stotland said. "It's clear that the companies that make gifts and payments to doctors know a lot more about how this works than the recipients."

Dr. Corey Goldstein, a psychiatrist who does research at Rush University Medical Center and also has a private practice, earned \$144,578 from Lilly and Astra Zeneca in 2009 and the first half of 2010.

"I have never ever felt biased in any way whatsoever regarding my speaking and how I treat patients. ... I prescribe the most appropriate medications for each individual patient," he said.

But Goldstein expects to stop speaking for pharmaceutical firms by year's end, in part because Rush is changing its conflict-of-interest policies. Beginning next September, all doctors affiliated with Rush will be prohibited from giving lectures that are controlled by an outside commercial entity with the purpose of marketing products.

"We've decided that even though physicians do get educated at these events, what they really are is a way of promoting a company's products and, insofar as that is the intent, there is a conflict of interest for our faculty," said Dr. David Ansell, the medical center's chief medical officer.

The change will have a big impact on Rush's psychiatry department. Three of the Illinois doctors earning the most money from the drug companies now providing information — Goldstein, Dr. John Zajacka and Dr. Roueen Rafeyan — are psychiatrists affiliated with Rush, and several others also are earning substantial amounts.

Rafeyan, who earned \$203,936 from four drug companies in 2009 and 2010, said he doesn't know what he'll do when Rush's prohibition goes into effect. The psychiatrist spends much of his time serving poor patients, he said, and speaking for drug companies helps keep his practice afloat.

As in other states, psychiatrists dominate the list of Illinois doctors who earn large amounts from drug companies. Among them is Dr. Joseph P. McNally, medical director of Streamwood Behavioral Health Center, with \$72,378 in payments from Lilly.

In an interview, McNally said, "I in no way influence prescribing practices of my peers" at Streamwood, where 10 child psychiatrists are on staff.

The drug he most often talks about — Lilly's Strattera, approved for patients with attention deficit hyperactivity disorder — is a "second-line therapy" at Streamwood that can be prescribed only when a preferred therapy fails, McNally said.

Late last year, a review by experts from the University of Illinois at Chicago found that the psychiatric hospital sometimes gave foster children housed at the facility dangerous combinations of mood-altering

drugs. Streamwood officials called the report "exaggerated and misleading."

What are patients to make of the data about physician payments?

Dr. Carl Elliott, a professor of bioethics at the University of Minnesota, said he doesn't think the information is very useful. Few patients are likely to look up their doctors and risk embarrassment by inquiring about the doctor's activities during an exam, he said.

But Dr. Sidney Wolfe, director of the health research group at Public Citizen, an advocacy group, disagrees.

"Patients have every reason to ask their physicians if they take money from a drug company," he said. "If the answer is yes, ask them why and what this means for you."

[\(back to index\)](#)

The Best Small Cities To Raise A Family

Midwestern cities sweep our ranking of quiet, prosperous and family-friendly places..

By Francesca Levy, Forbes.com Oct 25, 2010 Provided by: FORBES

Big, bustling cities are magnets for adventure-seekers and ambitious young people. But the grit and flashiness that attract singles to New York, Los Angeles and Miami aren't necessarily what parents look for in a place to settle down. Young people looking to start a family might do well to look past the bright lights of the big city.

Instead, maybe consider a place like Dubuque, Iowa, Manitowac, Wis., or Marquette, Mich. These places boast solid average incomes, good educational prospects, low costs, short commute times and high rates of home ownership--all reasons why they rank as the top three small cities in America to raise a family.

So what is so special about these places? Our top-ranked city, Dubuque, Iowa, is much smaller than a place like New York, with a population of 92,139, but still one of the larger cities on our list (we only ranked cities with a population under 100,000). Dubuque's size puts it in a kind of sweet spot: large enough to be a center of industry, small enough to not be overcrowded. An economy that successfully diversified after the collapse of the local manufacturing industry contributes to an unemployment rate that's nearly half the national average, at 6.5%, and a median household income of \$48,779. That means most families have the jobs they need. They also don't have to spend a lot of time getting there: Only 2.6% of the population spends an hour or more getting to work.

Our top three cities are all in the Midwest, and the region is home to 12 of the top 15 cities. It would seem that mountains, big skies and open plains lend themselves to family life. But while the small towns in Michigan, Indiana, Wisconsin, Iowa, North Dakota and Illinois dominate the list, there are small cities that shine in every region of the country.

The rugged mountain town of Casper, Wyo, is the highest-ranked family-friendly small city in the West, and ranked eighth overall in the nation. The city does particularly well providing residents with affordable housing--families there spend only 17% of their income on housing costs.

Auburn, N.Y., a tiny Finger Lakes town probably best known for its correctional facility, takes the top spot for the Northeast region, and comes in at No. 18 in the nation. Prison jobs boost the local income, which ranks 20th among small cities at \$48,991.



The best Southern small city for families? Tiny Frankfort, Ky., with a population of only 69,659. It ranks

No. 20 on our nationwide list. Frankfort may be small, but the few families there are well off: The median household income is \$50,671.

To pinpoint the best small places to raise a family, we looked at quality-of-life measures that make living easier for families. We started with the most recent data available from the U.S. Census Bureau on all Metropolitan and Micropolitan Statistical Areas with a population under 100,000. That left us with 126 cities, which we ranked on five measures.

Short commute times improve family life because they give working parents more time at home with their kids, so we scored cities on the percentage of residents that spent an hour or more getting to work in the morning: the lower the better. Since educational outcomes are a key consideration of families looking to relocate, we ranked cities on the percentage of adults aged 25 and older that had at least a high school degree. We also scored cities on median household income, the rate of home ownership, and housing affordability, for which we used median housing costs as a percentage of income as a proxy. We averaged the rankings across these measures to arrive at final scores. When cities were tied in rank, we used the rate of homeownership to break the tie.

The choice of where to settle down and bring up youngsters is based on a number of complex and personal factors, many of which can't be measured in a ranked list. But things like affordability, education and jobs are often among them--and these off-the-radar metros have a great deal to offer.

Top 10 Best Small Cities To Raise A Family

1. Dubuque, Iowa

Metropolitan Statistical Area: Dubuque, IA
 Commute Time Rank: 10
 High School Graduation Rate Rank: 25
 Median Household Income Rank: 24
 Home Ownership Rate Rank: 26
 Cost of Living Rank: 19

2. Manitowoc, Wis.

Metropolitan Statistical Area: Manitowoc, WI
 Commute Time Rank: 22
 High School Graduation Rate Rank: 18
 Median Household Income Rank: 20
 Home Ownership Rate Rank: 19
 Cost of Living Rank: 27

3. Marquette, Mich.

Metropolitan Statistical Area: Marquette, MI
 Commute Time Rank: 24
 High School Graduation Rate Rank: 12
 Median Household Income Rank: 35
 Home Ownership Rate Rank: 31
 Cost of Living Rank: 13

4. Midland, Mich.

Metropolitan Statistical Area: Midland, MI
 Commute Time Rank: 30
 High School Graduation Rate Rank: 10
 Median Household Income Rank: 15
 Home Ownership Rate Rank: 13
 Cost of Living Rank: 48

5. Marshfield, Wis.

Metropolitan Statistical Area: Marshfield-Wisconsin Rapids, WI
 Commute Time Rank: 35
 High School Graduation Rate Rank: 29
 Median Household Income Rank: 29
 Home Ownership Rate Rank: 10
 Cost of Living Rank: 14

6. Stevens Point, Wis.

Metropolitan Statistical Area: Stevens Point, WI

Commute Time Rank: 32

High School Graduation Rate Rank: 17

Median Household Income Rank: 13

Home Ownership Rate Rank: 63

Cost of Living Rank: 7

7. Casper, Wyo.

Metropolitan Statistical Area: Casper, WY

Commute Time Rank: 17

High School Graduation Rate Rank: 9

Median Household Income Rank: 26

Home Ownership Rate Rank: 76

Cost of Living Rank: 6

8. Quincy, Ill.

Metropolitan Statistical Area: Quincy, IL-MO

Commute Time Rank: 7

High School Graduation Rate Rank: 34

Median Household Income Rank: 43

Home Ownership Rate Rank: 48

Cost of Living Rank: 4

9. Helena, Mont.

Metropolitan Statistical Area: Helena, MT

Commute Time Rank: 5

High School Graduation Rate Rank: 5

Median Household Income Rank: 21

Home Ownership Rate Rank: 33

Cost of Living Rank: 77

10. Columbus, Ind.

Metropolitan Statistical Area: Columbus, IN

Commute Time Rank: 45

High School Graduation Rate Rank: 27

Median Household Income Rank: 9

Home Ownership Rate Rank: 28

Cost of Living Rank: 55

[\(back to index\)](#)

Co-pays becoming a thing of the past for preventive services.

Health law mandates many common screenings be free; companies embracing change as way to save costs down the road.

By Bruce Japsen, Tribune reporter October 26, 2010

Edward Gardula, an employee at Wolters Kluwer on Chicago's north side, works out in the company fitness center at lunch time. ((Nancy Stone/Chicago Tribune) / October 18, 2010)





If you've been holding off getting screened for high cholesterol, diabetes or hypertension because of a co-payment, you soon won't have a reason to put it off.

That's because co-payments, which typically cost at least \$20, for a host of preventive

services will disappear starting Jan. 1 for most workers thanks to the Affordable Care Act. For others, they're already seeing that benefit under the new health law, or soon will if they bought a new individual policy or have renewed in the past month.

Americans are noticing this and other changes to their health plans as they go through open enrollment, the annual fall ritual that allows workers with coverage to change their benefits.

While the Affordable Care Act mandates that many common preventive services be offered at no cost to workers, the challenge lies in getting them to take advantage of this benefit.

"Patients in Illinois should not be deterred from seeking preventive care," said Michael McRaith, director of the Illinois Department of Insurance. "Given the absence of any relevant state insurance law standards, this reform will impose meaningful affordability and uniformity on the delivery of essential health care."

The health law aims to encourage employees to get routine preventive screenings and checkups that could ultimately help lower health care costs. Treating patients after being diagnosed with an ailment or disease is much more costly than prevention efforts. That's why an increasing number of companies are willing to swallow the added costs of covering preventive services and have been offering many checkups and screenings to their employees at no cost.

Nate Solomon, employee benefits director at Wolters Kluwer, believes waiving the co-payment for annual checkups for the company's employees and their dependents next year will help keep workers healthy and aid the company's bottom line in the long run.

With more than 6,000 active employees covered under its medical plans, the cost of covering the \$20 co-payment for a regular checkup or a well child care visit could run into the tens of thousands of dollars for the Riverwoods-based information services company and developer of publishing software.

"We were going to do this anyway, but, because of the new law, it supports what we are doing and makes good health sense," Solomon said.

Overall health care costs historically have risen each year by 6 percent to 8 percent, primarily due to advances in technology and the increasing use of medical services by an aging population, according to benefits consultancy Aon Hewitt. Next year, the combined annual premium and out-of-pocket costs for health care coverage for workers at large companies are expected to rise 12 percent.

Although the Affordable Care Act has added an estimated percentage or two to the overall costs, the law covers myriad new benefits, including adding children up to age 26 to their parents' group plans, guaranteeing coverage for children with pre-existing conditions and banning lifetime limits in health coverage.

"We are happy to incur the costs upfront and before they get into more costly illnesses," Solomon said. "It is much cheaper to pay upstream before a medical condition gets expensive."

During the health overhaul debate, diabetes was often mentioned by President Barack Obama and members of Congress as a key area for improvement to help keep medical costs under control. At Wolters Kluwer, Solomon estimates the company's annual cost of medical claims processed for a worker with diabetes at \$10,000 per claimant.

Direct and indirect costs of diabetes to the U.S. health care system total more than \$130 billion a year and include emergency room visits, extended hospital stays and absenteeism, according to the Midwest Business Group on Health.

emergency room visits, extended hospital stays and absenteeism, according to the Midwest Business Group on Health, citing national studies.

About 20 million people have diabetes, including more than 600,000 in the Chicago area. About 90 percent of people with diabetes have the Type 2 variety, when a patient's body does not produce enough insulin or does not use it effectively. Those with Type 1 diabetes produce very little to no insulin.

"If we put in these preventive measures, we think we can save from a cost-avoidance standpoint," Solomon said.

Under the new law, dozens of preventive services will be covered for men, women and children. The services include flu shots, cancer screenings, blood-pressure tests and cholesterol tests, as well as risk assessments for dozens of diseases and conditions.

But employers that already fully cover preventive services say too few workers take advantage of the benefits.

A business coalition of some of the nation's largest employers issued a study this summer that showed 88 percent of workers lack an understanding of the value of preventive services, and 56 percent say they have "no motivation to stay healthy."

The research, conducted by the Midwest Business Group on Health, includes some of the nation's largest employers, such as Boeing Co., Kraft Foods Inc. and Abbott Laboratories.

Employers urge workers to be proactive about educating themselves and to find out which preventive services are available, particularly given the changes and new benefits under the health law.

"It still comes down to how you get people to want to care about their health," said Larry Boress, president and chief executive of the Midwest Business Group, a Chicago-based national coalition that represents more than 100 employers that spend more than \$2.5 billion annually on health care benefits.

[\(back to index\)](#)

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How Washington Could Create Jobs.

by Ruth Mantell Friday, October 29, 2010

Congress has the means to spur job growth, economists say, if it can find the will

The federal government has spent hundreds of billions of dollars to lift Americans out of the worst economic downturn since the 1930s, but jobs remain in short supply.

About 14.8 million people are unemployed — an increase of more than 7 million since the recession began. And as slow as Congress has been to act while Democrats controlled both chambers, an increasingly divided political landscape after the election is expected to create an even worse logjam in Washington.

Still, there could be room for more jobs programs if lawmakers allow cuts to be made elsewhere, observers said. And if Washington can find the will, economists say there are ways the government could spur job growth, and help the nation recover from a recession that technically ended last year but is still damaging families across the country.

Spending on infrastructure is one way to help create jobs, and it might enjoy political support, said Mark Zandi, chief economist for Moody's Analytics, an economic and financial research firm.

Infrastructure projects build jobs

Analysts have found that spending on infrastructure has a relatively high payoff in terms of boosting the overall economy. Another major point in favor of additional infrastructure spending: It would help some of the workers who have been most hurt in the recession, such as construction workers.

"That would be a good way to go that has political tailwinds to it," Zandi said. "There will be more political gridlock in the

wake of the election, but I sense that there is room for potential compromise on this."

It might even be possible to increase infrastructure spending at little cost to taxpayers, Zandi said. For example, private capital could be used to build roads, bridges and sewer systems, and the government could allow companies to charge user fees and tolls.

"A lot of pension funds, insurance companies, have liabilities that are very long term," Zandi said. "This kind of income stream is stable, so it would be a perfect investment for that kind of capital."

However, political leaders have been too slow to implement infrastructure projects, said Gary Burtless, an economist at the Brookings Institution, a Washington think tank.

"It's not as though it's hard to find construction workers, or the inputs needed. What's in short supply is the imagination and resourcefulness of public leaders in getting the money spent fast," Burtless said. "We want to get people on payrolls quickly. For some reason we seem to have forgotten how to go about building public infrastructure projects in the near term."

Austan Goolsbee, chairman of the president's Council of Economic Advisers, recently told MarketWatch that policies that encourage investment in the U.S. are the best way to generate sustainable job creation.

"Some of those the president has been putting in place, like the small-business bill," Goolsbee said. "Some are on his agenda — he has called for allowing expensing of investment, encouraging infrastructure spending, encouraging R&D spending by private companies.

"We need to return to a boom that is of a different style than it was in the 2000s. The 2000s boom was driven by consumption growth that was not sustainable," Goolsbee said. The president "wants us to go to more of a business-investment-led boom, an export-driven boom, with consumption growth proportional to income, but in a sustainable way where people have a personal savings rate more like 5%, not zero or negative."

In September, House Republican Leader John Boehner, of Ohio, said the president's proposals "fall well short" of addressing the main obstacles to job creation.

"I think the president is missing the bigger point here ... With all of the spending in Washington, and all the uncertainty facing small businesses — including the coming tax hikes on January 1st — until this uncertainty and spending is under control, I don't think these are going to have much impact."

Support state and local governments

Another effective strategy would be to increase aid to state and local governments, economists said. Expanding that assistance could be achieved relatively quickly, and would have an immediate positive impact, said Lawrence Katz, an economist at Harvard University.

Still, there could be room for more jobs programs if lawmakers allow cuts to be made elsewhere, observers said. And if Washington can find the will, economists say there are ways the government could spur job growth, and help the nation recover from a recession that technically ended last year but is still damaging families across the country.

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"Right now states are a fiscal drag. [Assistance] would prevent layoffs, and get money out there, and do a lot of good, whether it's for education or keeping police," Katz said.

While Washington has already sent some aid to state and local governments, some economists say more is needed. The weak housing market and high unemployment have hit states hard, and some states are cutting a slew of public programs and services to balance their budgets.

"The worst recession since the 1930s has caused the steepest decline in state tax receipts on record," according to recent analysis from the Center on Budget and Policy Priorities. "As a result, even after making very deep spending cuts over the last two years, states continue to face large budget gaps. States will continue to struggle to find the revenue needed to support critical public services for a number of years, threatening hundreds of thousands of jobs."

When a teacher or policeman loses a job, the community loses his services, but it also means that worker stops buying goods and services, helping to perpetuate a dangerous economic spiral, economists said.

"As states cut programs, they are taking money out of the economy, and that not only leads to layoffs in the public sector, but also the private sector," said Lawrence Mishel, president of the Economic Policy Institute, a think tank in Washington. "Providing money to the states for health and education jobs also benefits private-sector jobs. When you keep everyone employed they are out buying from the private sector."

Mishel said that partisan politics are likely to stand in the way of Congress sending more money to state and local governments. Still, he said, despite the country's \$1.3 trillion deficit — almost 9% of gross domestic product — spending more now to create jobs is a good idea.

"There's a vast misunderstanding about the deficit," Mishel said. "The reason we have a large fiscal deficit is because we had a huge recession, not because spending is out of control. We will never get the fiscal deficit under control unless we create many, many more jobs. Generating more jobs is actually a complement to getting the deficit under control."

Still, with a national unemployment rate of 9.6%, reviving the labor market won't be inexpensive, said Timothy Bartik, senior economist at the W. E. Upjohn Institute for Employment Research in Kalamazoo, Mich.

"Even if job creation can be made relatively cheaper, it will still cost a lot of money to make a big dent," Bartik said.

Tax incentives for businesses

Economists also support various tax incentives for private investment and hiring. First and foremost, to help job growth Washington needs to nail down the tax code, Zandi said.

"Uncertainty has been an impediment to businesses using their profits and cash for investing and hiring," Zandi said. "It's disconcerting for business people, and that's a problem. They don't know how to plan. If they can't cross the Ts and dot the Is, they are unlikely to make a big hiring decision. Business people need everything colored in before they make a big decision."

Burtless favors tax incentives to persuade companies to move forward soon with investments and hiring.

Cutting payroll taxes would be helpful, though expensive, said economist David Autor of the Massachusetts Institute of Technology.

"It makes it cheaper for employers to employ people," Autor said. "It would be an effective way to stimulate demand."

Help hard-hit groups

Economists also favor policies, such as youth employment programs, that target specific groups facing a particularly tough labor market. The unemployment rate is about 23% for white teens, and a whopping 49% for African American teens.

"There is great harm being done right now to young people out in the labor market and not able to find jobs, and not able to get on the lower rungs of career ladders," Mishel said.

The downturn has been particularly tough on groups with unemployment rates that were already high before the recession, Goolsbee said.

"Many of the groups that have the highest unemployment rates are also the most cyclical – they're the hardest hit when the economy turns down, and if you can turn the economy up they tend to be the groups that are the next in line to come back," he said.

One way to create more opportunity for young workers, Mishel said: Let older workers collect Social Security at a younger age.

"If they retired that would open up jobs for younger people," he said. "We would be moving people out of jobs. We don't even need to create new jobs. Getting older people out so that young people could have jobs is very intuitive."

However, Dean Baker, co-director for the Center for Economic and Policy Research in Washington, said older workers may not have enough retirement savings to leave the workforce early.

Baker said work-sharing programs, in which the government encourages firms to reduce hours, rather than layoff workers, are effective. "You are keeping someone in touch with the labor force," Baker said.

The president likes the idea of work-sharing policies, Goolsbee said.

"Look at Germany, they have engaged in a significant amount of work sharing, and the unemployment rate has remained relatively low, and the slack was absorbed by reduced hours rather than reduced workers. I think [work sharing] is definitely worth considering, and the president has been supportive of that," Goolsbee said.

MIT's Autor said a more highly valued yuan would help the U.S. job market. The increase of the trade deficit with China could displace more than 500,000 U.S. jobs this year, according to a recent analysis by the Economic Policy Institute.

"There's no easy answer," Autor said. But a revalued Chinese currency "would have a substantial effect on U.S. employment."

[\(back to index\)](#)

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Seven steps to a sound retirement.

By Robert Powell, MarketWatch Oct. 7, 2010, 12:01 a.m. EDT

Society of Actuaries study outlines solutions for middle-income Americans.

BOSTON (MarketWatch) — There are seven keys to a lot of things in life. There are seven steps to heaven and seven types of intelligence and seven habits of effective leaders.

Now we have seven steps to retirement planning courtesy of the Society of Actuaries, which just released a 64-page report with the not-so-consumer friendly title "Segmenting the Middle Market: Retirement Risks and Solutions Phase II Report."

Avoid retirement-savings mistakes

Saving money is hard enough without worrying about how to fund your retirement years, but there are ways to get ahead. Stuart Ritter, a financial adviser with T. Rowe Price, highlights some fundamental steps that new retirees and those near retirement can take. He talks with Jonathan Burton.

"Retirement financial planning requires a methodical approach that identifies and quantifies each important component that affects the asset accumulation, income management and product selection/investment decision processes," according to the report, which was sponsored by the society's committee on post-retirement needs and risk and written by Noel Abkemeier of Milliman.

Not surprisingly Abkemeier says this approach is especially important for middle income Americans who likely have less than \$100,000 set aside for retirement. So what are those steps?

1. Quantify assets and net worth

The first order of business is taking a tally of all that you own — your financial and non-financial assets, including your home and a self-owned business, and all that you owe. Your home, given that it might be your largest asset, could play an especially important part in your retirement, according to Abkemeier.

And at minimum, you should evaluate the many ways you can create income from your home, such as selling and renting; selling and moving in with family; taking out a home-equity loan; renting out a room or rooms; taking a reverse mortgage; and paying off your mortgage.

Another point that sometimes gets lost in the fray is that assets have to be converted into income and income streams need to be converted into assets. "When we think of assets and income, we need to remember that assets can be converted to a monthly income and that retirement savings are important as a generator of monthly income or spending power," according to SOA's report. "Likewise, income streams like pensions have a value comparable to an asset."

One reason retirement planning is so difficult, according to SOA, is that many people are not able to readily think about assets and income with equivalent values and how to make a translation between the two. Assets often seem like a lot of money, particularly when people forget that they will be using them to meet regular expenses.

Consider, for instance, the notion that \$100,000 in retirement savings might translate into just \$4,000 per year in retirement income.

2. Quantify risk coverage

Take stock of all the insurance that you might already have or need — health, disability, life, auto and homeowners. In addition, consider whether you might need long-term-care insurance, especially in light of the cost associated with long-term care and the very real possibility that you might need some assistance at some point in your life.

According to the report, those households with limited assets, say less than \$200,000 in financial assets, may need to spend down their assets and rely on Medicaid, while those with more than \$2 million in financial assets can cover long-term-care costs out of pocket. But those households with assets in between \$200,000 and \$2 million should include long-term care insurance in their plan, according to the SOA. And the best time to buy such insurance is in the late preretirement years.

The SOA also notes in its report the possible need for life insurance, the death benefit of which can be used for bequests or to provide income to a surviving spouse. Life insurance premiums can be expensive if you're getting on in years. That's why the SOA report suggests that you continue "existing preretirement coverages during the retirement period."

Of note, there will soon be many policies that combine long-term—care insurance with life insurance and annuities.

3. Compare expenditure needs against anticipated income

The thing about retirement is that it's filled with expenses, which according to the SOA report "can be thought of as the minimum needed to sustain a standard of living, plus extra for nonrecurring needs and amounts to help meet dreams." What's more, those expenses are likely to change over time.

So, to make your retirement plan work in reality you first have to make it work on paper. You need to compare whether you'll have enough guaranteed income to cover your essential living expenses, including food, housing and health-insurance premiums, at the point of retirement and then compare what amount of income you'll need to cover your discretionary expenses, such as travel and the like (if those are indeed what you might consider discretionary expenses).

Your guaranteed sources of income include Social Security, and possibly a pension and annuity. Your not-so-guaranteed sources of income include earnings from work, income from assets such as capital gains, dividends, interest, and rental property.

No doubt, as you go about the process of matching income to expenses, you might find yourself having to revise your discretionary expenses, especially if there aren't enough guaranteed sources of income to meet essential expenses.

4. Compare amounts needed in retirement against total assets

So here's where your math skills (or your Google search skills) might come into play. Besides calculating your income and expenses at the point of retirement, you need to figure out whether your funds will last throughout retirement. In other words, you need to calculate the net present value of your expenses throughout retirement.

Now truth be told finding the present value of your expenses is a bit tricky, especially since there are many factors that can affect how much is really needed, including the date of your retirement, inflation rates, gross and after-tax investment returns and your life expectancy.

But the bottom line is this: If, after crunching the numbers, the present value of your expenses is greater than the present value of your assets you've got some adjustments to make. And the good news is that there are plenty of adjustments that you can make.

You could, for instance, delay the date of your retirement or return to work or work part-time. Those actions might be enough to offset the difference. In addition, you might consider trimming your expenses or consider a more tax-efficient income drawdown plan.

5. Categorize assets

The SOA also recommends that assets be grouped to fund early, mid and late phases of retirement. Thus, assets for early retirement should be liquid, while mid-retirement assets should include intermediate-term investments such as laddered five-to-10-year Treasury bonds, TIPS, laddered fixed-interest deferred annuities, balanced investment portfolios, income-oriented equities, variable annuities, and the like. And late retirement assets include longevity insurance, TIPS, balanced portfolios, growth and income portfolios, laddered income annuities, deferred variable annuities and life insurance.

6. Relate investments to investing capabilities and portfolio size

This should come as no surprise; The SOA recommends that you invest only in things that are suitable, relative to your risk tolerance, investment knowledge and the capacity of the portfolio to accommodate volatility. "In short, a retiree should not invest beyond his investment skills, including those of his adviser," the SOA report stated.

7. Keep the plan current

This too might be a bit obvious, but retirement-income plans must not be built and set on a shelf. The plan is a point-in-time analysis that must be reviewed on a regular basis.

Consider, for instance, just some of the things that could change in one year, according to the SOA. Health status or health-care costs could change; your life expectancy might change; your investment returns and inflation might be quite different than your assumptions; and your employment status and expected retirement date might change.

What's more, you might suffer the loss of a spouse through death or divorce, or perhaps you might not be able to live independently any longer, or perhaps you might need to sell your house or unexpectedly care for dependents, or change your inheritance plans.

Said Abkemeier: "You want to keep your plan current. You need to tie everything together and go back to the start of the process each year. You want to enjoy retirement, but you don't want to be at rest."

[\(back to index\)](#)

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