Rhode Island Alliance for Retired Americans ©



# RI ARA

*"Fighting for the future of our members, NOW, more than ever!!!!"*

*Affiliated with the Rhode Island AFL-CIO*

## April 1, 2013 E-Newsletter

## Senate Opposes Cuts to Social Security, Veterans' Benefits

WASHINGTON, March 22 The Senate on Friday voted to block cuts in benefits for Social Security and disabled veterans.

The amendment by Sen. Bernie Sanders (I-Vt.) put the Senate on record against changing how cost-of-living increases are calculated in a way that would result in significant cuts.

"The time has come for the Senate to send a very loud and clear message to the American people: We will not balance the budget on the backs of disabled veterans who have lost their arms, their legs and their eyesight defending our country. We will not balance the budget on the backs of the men and women who have already sacrificed for us in Iraq and Afghanistan, nor on the widows who have lost their husbands in Iraq and Afghanistan defending our country," Sanders said.

The amendment opposed switching from the current method of measuring inflation to a so-called chained consumer price index. President Barack Obama favors a chained CPI as part of what the White House calls a "grand bargain" that Obama hopes to reach with congressional Republicans.

The proposed change would affect more than 3.2 million disabled veterans receiving disability compensation benefits from the Department of Veterans Affairs. Veterans who started receiving VA disability benefits at age 30 would have their benefits reduced by $1,425 at age 45, $2,341 at age 55 and $3,231 at age 65. Benefits for more than 350,000 surviving spouses and children who have lost a loved one in battle also would be cut. Dependency Indemnity Compensation benefits already average less than $17,000 a year.

More than 55 million retirees, widows, orphans and disabled Americans receiving Social Security also would be affected by the switch to a chained CPI. That figure includes 9 million veterans with an average yearly benefit of about $15,500. A veteran with average earnings retiring at age 65 would get nearly a $600 benefit cut at age 75 and a $1,000 cut at age 85. By age 95, when Social Security benefits are probably needed the most, that veteran would face a cut of $1,400 – a reduction of 9.2 percent.

A chained CPI would cut Social Security benefits for average senior citizens who are 65 by more than $650 a year by the time they are 75 years old, and by more than $1,000 once they reach 85.

Groups supporting Sanders include **Alliance for Retired Americans**, AARP, the AFL-CIO, National Organization for Women, the American Legion, Veterans of Foreign Wars, Disabled American Veterans, AMVETS and others.

Sanders is chairman of the Senate Committee on Veterans' Affairs and the founder of the Defending Social Security Caucus.

***Thanks you to our Senators for your support.***

## Senate Passes Budget That Protects Social Security and Medicare, Ends Sequester

Early Saturday morning, the U.S. Senate passed a budget crafted by Sen. **Patty Murray** (D-WA), the Chairman of the Senate Budget Committee. Unlike the budget plan promoted by Rep. **Paul Ryan** (R-WI), which passed the U.S. House of Representatives last week, the Murray budget does not include any cuts to Social Security or to Medicare benefits, nor does it gut Medicaid by turning it into a block grant program. In addition to keeping vital benefit programs intact, Murray's budget repeals the harmful sequester cuts, while Ryan's budget would leave them in place through 2023. To see the Alliance's chart comparing the Murray budget passed by the Senate with the Ryan budget passed by the House, go to http://tinyurl.com/dxqvbgm.

"The Murray budget is starkly different from Paul Ryan's budget," said **Edward F. Coyle**, Executive Director of the Alliance. "While Ryan's plan attempts to balance the budget on the backs of seniors and the middle class, this budget protects Medicare, Medicaid, and Social Security as well as ending the harmful sequester cuts. It presents a far more positive and retiree friendly alternative to the Ryan plan."

**Senate Budget Also Includes Sanders Amendment Opposing Chained CPI.**

If implemented, chained CPI would cut Social Security benefits for 55 million Americans, including retirees, disabled veterans, and the surviving spouses and children of veterans. Sanders mentioned the Alliance on the Senate floor in conjunction with the vote. The amendment passed by voice vote.

"We are very pleased to see the Senate firmly reject chained CPI," said **Barbara J. Easterling**, President of the Alliance. "Retirees and veterans paid into the system and they deserve their full Social Security benefits."

**To read his statement, go to http://tinyurl.com/cj5j3o5.**

**A follow-up to a story in the March 25th RI ARA E-Newsletter on PAYDAY LOANS**

## Elderly Turn to Payday loans

By Pamela Yip (Pamela Yip is not connected with RI PAYDAY.org)

I recently wrote about how more seniors are shouldering debt.

Here's an element of that.

A recent analysis by the Center for Responsible Lending found that more than 25 percent of all bank payday loan borrowers are Social Security recipients.

"This finding is consistent with the 2010 data, which found that nearly one-quarter of all bank payday borrowers were Social Security recipients," said the Center, a nonprofit organization which fights predatory lending.

You may wonder how seniors can qualify for payday loans, since many of them are retired.

According to the Community Financial Services Association of America, which represents payday lenders, the requirement for a payday loan includes "proof of regular income." In a senior's world, that's his or her Social Security check.

"Many seniors bail out their family members," said Don Baylor Jr., senior policy analyst at the Center for Public Policy Priorities, which advocates for the interests of low- and moderate-income Texans.

For its analysis, the Center for Responsible Lending used 2011 checking account data from a nationwide sample of U.S. credit card holders.

Participating account holders provided access to all of their checking account activity occurring during their period of participation, including deposits, paper checks, electronic bill payments, debit card purchases, fees, and miscellaneous charges or credits that are posted to the account.

The analysis included transaction-level data for 742 checking accounts over a 12-month period.

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## RIFuture.org: Diverse Groups Rally for Payday Lending Reform

Activists, citizens, legislators, the General Treasurer and three Republican mayors gathered at the State House to voice their opposition to the usurious payday loan schemes practiced by companies like Advance America, and Check 'n' Go. These businesses overwhelmingly serve the poorest Rhode Islanders, and have a tendency to put those who partake of their services in a spiral of debt through annual interest rates of 260 percent.

The RI Payday Lending Reform Coalition includes groups that span age, color, creed, and socioeconomic brackets like AARP, The RI State Council of Churches, the RI Latino PAC, the NAACP and CommunityWorks RI.

The reform legislation would cap APR at 36 percent. Some activists think this is the year it will pass, but not until a compromise APR rate is reached somewhere between 260 percent and 36 percent.-READ MORE

### Sign the Petition!

### It is time to vote on a bill to reduce payday loan rates!

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**The Rhode Island Alliance *for* Retired Americans is now a member of the RIPAYDAY.org Coalition Visit the ripayday.org web site for more information.**

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## Payday Lending is *far* from the Mainstream

*"Advance America's disclosures show that repeat borrowing is important. [I]t's customers took out on average 8.7 payday advances…[or] almost five months out of the year. In fact, for these customers, payday debt is likely outstanding for a longer period of time, because almost half of…customers frequent multiple lenders. In these circumstances, the loan starts to look counterproductive: rather than bridging a gap in income, the payday advance may contribute to real financial distress."*

**Morgan Stanley**
(Morgan Stanley Report, Advance America: Initiating with an Underweight-V Rating, 1/25/05)

*"The provision that Senator Dole talked about, a 36 percent cap, I think is more than reasonable. Some of these [payday] loans have average annual percentage rates of 470 percent. One of the advantages I had back in the 1970s commanding a company is most states had usury laws, capping interest rates at 21 percent or so. That's a thing of the past now."*

**Senator Jack Reed-RI**
(Hearing of the U.S. Senate Banking Committee, 9/14/06)

*"Lending practices that, intentionally or unintentionally, exploit one's desperate circumstances are unjust. The Rhode Island Catholic Conference supports a legislative remedy that responsibly regulates such practices so that families in need are provided access to loans with reasonable interest rates."*

**Rhode Island Catholic Conference**
(Press Statement, 5/22/12)

*"As an elected leader, I have always tried to promote the free market, I believe in the free market. But products that are in the marketplace that are defective by their very nature undermine the free market. They harm consumers and invite government intervention. For those who believe in the free market, they should understand that we are preserving, not harming these principles.*

**Ohio Representative John Husted**
**Republican Speaker of the Ohio House**
(On passage of Ohio's 28% rate cap, 6/2/08)

*"Those "cash until payday" services sound helpful, but they could push you farther into debt*

**Better Business Bureau**
(http://www.bbb.org/alerts/article.asp?ID=446)

*"The legal rate...ought not be much above the lowest market rate. If the legal rate of interest....was fixed so high as eight or ten per cent... money would be lent to...promoters of fraudulent schemes."*

**Adam Smith, Economist, Founder of Capitalism**
(Wealth of Nations 1776)

*"Irrespective of whether the repeat transactions are cast as "renewals," "extensions," or "new loans," the result is a continuous flow of interest-only payments at very short intervals that never reduce the principal."*

**Indiana State Supreme Court**
(Janet Livingston v. Fast Cash USA Inc.)

## Automakers, dairy farmers balking at TPP, the pending NAFTA-on-steroids trade deal


Add automakers to the growing list of U.S. industries opposed to the Trans-Pacific Partnership, the job-killing trade deal expected to wrap up in October.

Alan Mulally, CEO of Ford Motor Co., says he's against Japan entering talks for the TPP, a deal that will strengthen multinational corporations at the expense of individual rights, government sovereignty and the U.S. standard of living.

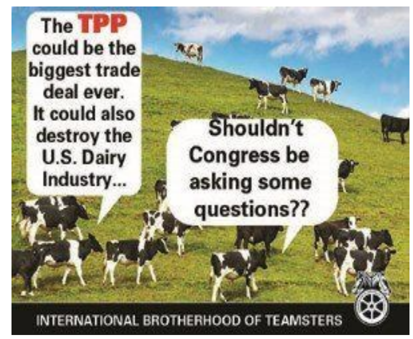
Mulally spoke to reporters today in Bangkok. Reuters reported he reiterated his opposition to the deal:

Ford has been vocal in opposing Japan's entry into the talks for the Trans-Pacific Partnership (TTP), a U.S.-led Pacific free trade pact, until Tokyo opens its market to more U.S. cars.

"It's the most closed automobile market in the world," Mulally said, highlighting the combination of non-tariff barriers on vehicle imports and distribution.

"They should open up their market, they should restructure their industry, and that's why we're encouraging the people negotiating the free trade agreements that they deal with that."

Japan announced last week it wants to join TPP negotiations. The countries involved in the talks -- including Canada, Australia and Vietnam -- will decide in April whether to let Japan join. New Zealand's trade minister said he's sure they'll find a way to say yes.




Meanwhile, U.S. dairy farmers and workers got even more reason to worry that the TPP will destroy their livelihoods. In a news conference yesterday, New Zealand Prime Minister John Key said he would pull out of a trade deal if it didn't include agriculture. By "agriculture" he meant dairy farms, which enjoy all sorts of government protection.

We're taking Key's comment as a signal that New Zealand's dairy industry intends to dump milk, cheese and butter on the U.S. market as soon as the ink is dry on the TPP.

## Long-Term Care Insurance Increasingly Unaffordable, Especially for Women

Just as many retiring baby boomers are seeking to buy long-term care insurance, the companies that provide it are making it more difficult to purchase by raising premiums, weakening coverage, and charging women higher rates than men. According to data from the American Association for Long-Term Care Insurance, premiums have risen dramatically in just the last year, by an average of 10 percent for couples and 20 percent for singles. Alternatively, more companies are giving customers the option to buy cheaper plans that do not offer inflation protection and will likely result in considerably lower benefits. Companies are also increasingly charging women higher rates than men for long-term care insurance, which did not used to be the case. They justify this because women are more likely to live longer and are less likely to have a caregiver, since they tend to outlive their husbands. To read an article in the *New York Times* about the issue, go to http://tinyurl.com/bphtylf.

"Charging women higher premiums is unjust," said Ms. Easterling. "The Affordable Care Act made it illegal to charge women to pay steeper rates than men for their health insurance. The government should take steps to give women the same protection when it comes to long term care insurance, and to make long term care insurance more affordable for all retirees."

## Pay raise hearing sparks union hopes for treatment of other state workers

PROVIDENCE, R.I. -- A hearing on Governor Chafee's plan to give his agency directors back-to-back raises, totaling 6 percent between between June and December, elicited testimony from only one speaker Friday: the head of the largest state employees union.

With negotiations underway for new contracts for most state employees, J. Michael Downey, president of Council 94, American Federation of State, County & Municipal Employees, said he hoped the lower-level employees who "actually do the work" would be "treated with the same sense of fairness."

Peter Marino, the director of the Department of Administration's office of management and budget, said the governor believes his leadership team has "performed admirably."

**(Reuters) - Supreme Court justices on signaled uncertainty over how they would rule on whether brand-name drug companies can settle patent litigation with generic rivals by making deals to keep cheaper products off the market.**

Eight justices, lacking the recused Justice Samuel Alito, asked questions that indicated concerns about such deals, but several seemed unsure how courts should approach the matter.

In the deals in question, brand name manufacturers settle litigation by paying generic manufacturers to stay out of the market for a specified period.

U.S. and state regulators say the practice costs consumers, insurers and government billions of dollars annually.

The Federal Trade Commission, which has called the deals "pay for delay," has fought them in court for more than a decade.

A number of justices on Monday appeared skeptical of the Justice Department's argument that the deals should be viewed as presumptively unlawful.

Justice Sonia Sotomayor said she had "difficulty understanding" Justice Department lawyer Malcolm Stewart's argument that "the mere existence" of a payment should change the way courts view a settlement.

But several justices asked questions raising concerns that the deals could be anticompetitive.

Justice Elena Kagan said that in some cases, companies could share monopoly profits "to the detriment of consumers."

The problem the court appears to face is how to tell lower courts to determine which agreements were lawful and which were not.

Justice Stephen Breyer suggested that the justices should simply tell lower court judges to "keep in mind" that the deals could be anticompetitive. "In other words, it's up to the district court," he said.

It is unclear how many of the justices would support that approach. Justice Antonin Scalia was openly critical, saying it would not tackle "the elephant in the room," which is the relative strength of the patent being challenged in the case. Justice Anthony Kennedy voiced similar sentiments.

In the case before the court, Solvay Pharmaceuticals Inc., which is now owned by AbbVie, sued generic drugmakers in 2003 to stop cheaper versions of AndroGel, a gel used to treat men with low testosterone.

Solvay paid as much as $30 million annually to Actavis Inc predecessor Watson Pharmaceuticals, Paddock Laboratories Inc. and Par Pharmaceutical Cos to help preserve annual profits estimated at $125 million from AndroGel.

Under the deal, the three would stay off the market until 2015. The patent expires in 2020.

The Supreme Court is expected to issue a decision by the end of June.

The case is Federal Trade Commission v. Watson Pharmaceuticals Inc et al, U.S. Supreme Court, No. 12-416.

***(Reporting by Lawrence Hurley; Additional reporting by Diane Bartz; Editing by Howard Goller and Lisa Von Ahn)***

## For Older Americans, a Deepening Debt Problem

***New York Times, Carmen Wong Ulrich, March 25, 2013***

Your money may be as tight as your skin, but the true gift of your youth is one of the most powerful tools of financial planning: time. If you are a senior in retirement and in debt, however, all you may possess is a feeling of powerlessness as time slips away. Combine that state of mind with the emotions that may have gotten you into debt in the first place, and you've created quite the financial quicksand.

The number of Americans age 60 and over in debt is alarming. A recent report by the AARP's Public Policy Institute and the research organization Demos revealed that Americans over the age of 50 carried substantially more debt on credit cards — an average balance of $8,278 — than those under 50, whose average balance was $6,258. The Employee Benefit Research Institute also found recently that total debt payments as a portion of income for families headed by people 75 or older had shot up to 7.1 percent in 2010, from 4.5 percent in 2007.

Much of the credit card debt that older Americans have is tied to medical expenses; however, there's a tangled and difficult generational psychology going on as well, putting too many seniors at financial risk just at a time when debt should be done with. Amy Traub, a senior policy analyst at Demos, reveals one situation in which emotional ties lead to financial knots. "Nearly a quarter of those aged 50 or above report that they gave money to or paid the debt of relatives, which added to their credit card balance," she said.

## Seniors Face Growing Credit Card Debt Crisis

According to two recent studies, seniors are facing an alarming, and growing, debt crisis. A report from AARP's Public Policy institute and Demos, a research organization, compared the amount of credit card debt held by different age groups. The report found that Americans over the age of 50 carried an average balance of $8,278, while those under the age of 50 had a comparatively lower average balance of $6,258. A second study, from the Employee Benefit Research Institute, found that the percentage of income that Americans over 75 spend on debt payments substantially increased from 4.5 percent to 7.1 percent in just three years between 2007 and 2010. Experts pinpoint medical expenses as one of the primary causes of the increased debt. To read the *New York Times* write-up on that issue, go to http://tinyurl.com/chc7snk.

"Seniors should not be forced to go into debt just to afford health care and basic living expenses," said **Ruben Burks**, Secretary-Treasurer of the Alliance. "This is a clear illustration of why any cuts to Social Security and Medicare would be a disaster for retirees at a time when so many are already struggling to get by."

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## NBC News: "By the Grace of God': How Workers Survive on $7.25 an Hour

Crystal Dupont knows what it's like to try to live on the federal minimum wage.
Dupont has no health insurance, so she hasn't seen a doctor in two years. She's behind on her car payments and has taken out pawn shop and payday loans to cover other monthly expenses. She eats beans and oatmeal when her food budget gets low. When she got her tax refund recently, she used the money to get ahead on her light bill.
"I try to live within my means, but sometimes you just can't," said Dupont, 25. The Houston resident works 30 to 40 hours a week taking customer service calls, earning between $7.25 and $8 an hour. That came to about $15,000 last year.
It's a wage she's lived on for a while now, but just barely.
About 3.6 million Americans were earning at or below the federal minimum wage of $7.25 an hour in 2012, and those weren't all high school students flipping burgers.
About half of them were 25 or older, a little more than one-third were working full time and a little less than three-fourths had graduated from high school, according to the most recent government data.
A person working full time for minimum wage would take home an annual salary of $15,080. That's a shade higher than the poverty threshold for a household containing two adults, and about $8,000 less than the poverty line for a family of four.- READ MORE

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## **Providence Journal:** Conley- John Fogarty Was R.I.'s Greatest Congressman

John Fogarty was born in Providence on March 23, 1913, to Cora and John Fogarty. His father was a bricklayer, a trade practiced by many Irish-Americans. The many mills that dot Rhode Island's landscape are monuments to their skill and their work ethic.

Young John, the second of six children, seemed destined for a less arduous calling. He enrolled at LaSalle Academy, the seedbed for young Irish Catholic professionals, to study under the Christian Brothers, but before he graduated, in 1931, America had plunged into the Great Depression. Hard times forced him to abandon books for bricks. Working-class families such as his needed breadwinners, not bookmen.

So John became first an apprentice and then a journeyman bricklayer. He worked through the Depression, building not only structures but also confidence and leadership skills. By 1939, John had become president of local Bricklayers' Union No. 1 and a force in Rhode Island's rapidly emerging labor movement. However, his life's labor had just begun.

In 1940, after polishing some of his academic skills in the evening school at Providence College, John easily won election as the congressman from the Ocean State's Second District, though he was a mere 27 — only two years above the age requirement for the post. - READ MORE

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## NBC10: Workers Protest Conditions at Renaissance Hotel

**Watch the video**

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