

FRIDAY ALERT



Alliance for Retired Americans

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Seniors Must File Federal Tax Returns in Order to Receive Stimulus Checks

In 2008, up to 20 million Americans who rely primarily on Social Security income will qualify for an economic stimulus check from the federal government. Generally, people need more than \$3,000 in 2007 income to qualify for the rebate. Even seniors who do not earn income through current employment can qualify, if their Social Security benefits, Veterans Affairs (VA) benefits, and railroad retirement benefits add up to at least \$3,000 annually. In most cases, seniors will receive an economic stimulus check ranging from \$300 to \$600, with payments increasing by \$300 for families with dependent children under the age of 17. The IRS encourages filing a return by the regular April 15 deadline to get the rebate check in May of this year. Those filing later than April 15, with or without a tax-filing extension, may delay receipt of the rebate. Those who qualify for a stimulus check will receive one by the end of 2008 if they file by October 15, 2008. However, no rebate checks will be issued after 2008. “Seniors need to file a 2007 federal tax return, either the IRS Form 1040 or the 1040A-short-form, to receive their stimulus checks. This is true even if their income had been low enough that they were not required to file in previous years,” said **George J. Kourpias**, President of the Alliance. For more information, including where to get help with tax forms, go to www.retiredamericans.org.

President Pulls 45% Trigger, Increases Prescription Drug Premiums for Millions

Last Friday, **President Bush** pulled the 45% trigger, responding to a law requiring him to propose legislation that reduces Medicare spending when the program is expected to be more than 45% funded by general government revenue for two years. The President’s plan forces even higher costs on retirees by linking beneficiaries’ Part D premium levels to their income, while maintaining overpayments to private insurance companies. The means-test will increase monthly premiums for 1.5 million seniors in 2009. Approximately 8% of Medicare Part D recipients, 3.7 million seniors, will be affected by 2018, since the income thresholds for increased premiums are not scheduled to rise with inflation. Additionally, the Office of the Actuary estimates that more than 800,000 beneficiaries will immediately drop their Medicare drug benefits if the legislation is approved, potentially raising costs for lower- and middle-income seniors. The proposal made no cuts to insurance industry programs like Medicare Advantage, which costs taxpayers an additional 12-19% more than traditional Medicare each year. Congress would have to act before the changes could become law. “If the goal is to reduce Medicare spending, eliminating Medicare Advantage overpayments is a much better place to start than increasing the premiums of seniors who rely on these programs,” said **Edward Coyle**, Executive Director of the Alliance.

Supreme Court Allows Employees to Sue Over 401(k) Misconduct

The U.S. Supreme Court ruled unanimously on Wednesday that individual participants in the most common type of retirement plan can sue under a pension protection law to recover their losses.

According to *The New York Times*, the unanimous decision has implications for 50 million workers with \$2.7 trillion invested in 401(k) retirement plans. **James LaRue** of Southlake, Texas, said the value of his stock market holdings plunged \$150,000 when administrators at his retirement plan failed to follow his instructions to switch to safer investments. The issue in his case was whether the Employee Retirement Income Security Act (ERISA) permits an individual account holder to sue plan administrators for breaching their fiduciary duties. The language of the law refers to recovering money for the "plan" rather than for an individual, raising the question of whether a participant can sue solely for himself. The court ruled that such lawsuits are allowed, overturning a judgment by the 4th U.S. Circuit Court of Appeals in Richmond, Virginia. "The Supreme Court got this one right," said **Ruben Burks**, Secretary-Treasurer of the Alliance. "Seniors whose 401(k) plans are grossly mismanaged should certainly be able to have their grievances heard in court." Participants in 401(k) plans do not know how much money they will receive in retirement, since the amount they get back depends on how well their chosen investments have performed. The term 401(k) refers to a section of the Internal Revenue Code.

More Families Reaching Lifetime Insurance Caps

An increasing number of American families are finding themselves paying hundreds of thousands of dollars or more in medical bills, despite having health insurance. According to a recent *Washington Post* article, costs for chronic illnesses or organ transplants can quickly surpass the lifetime benefit limits that are standard in many insurance policies. Fifty-five percent of American workers who received health insurance through their employers in 2007 had such a cap, with 23% facing a limit of less than \$2 million. Some who are pushing Congress to require insurance companies to increase the caps note that the ceilings for some plans have not increased in decades. Almost all have risen below the pace of health care costs, meaning more people will reach these limits over the next several years.

Speaker Announced for National Alliance's Western Regional Conference

U.S. Rep. **Shelley Berkley** (NV-01) will address Alliance members from across the west at the national Alliance's first regional conference of 2008, March 24-26 in Las Vegas, NV. The Western Regional Conference will also provide a forum for activists to work together and prepare for November's Presidential election. Locations and dates for later conferences are: Northeastern Regional Conference, April 17-18, 2008 in Philadelphia, PA; Midwestern Regional Conference, April 28-29, 2008 in St. Louis, MO; and Southern Regional Conference, June 4-5, 2008 in Orlando, FL. For copies of the official registration form for any of the four regional conferences, call 1-888-373-6497, email **Joni Jones** at jjones@retiredamericans.org, or visit our website at www.retiredamericans.org.

Did You Know...

Of the 24 states that held contests on Super Tuesday, only eight facilitated voting in long-term care settings, either by setting up public polling locations on the premises, sending election officials into the home to assist seniors, or helping nursing home administrators obtain absentee ballots in advance (*Senior Journal*).