

# Taxes will actually go down...yeah, right!



**By Ric Schilling**

Special to the Recorder

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Columnist

Those of you who have followed this column for some time will remember my previous articles on the terrible financial condition of many

state and local government pension plans, an issue which will undoubtedly come back to affect us all in the form of much higher local and sales taxes. In fact, this may happen sooner than expected.

The State of California has a \$300 billion employee pension plan known as CalPERS. It appears that CalPERS is considering cutting its investment return assumption going forward. Until recently, the plan has assumed an 8 percent annual return but underperformed that

target by a considerable amount over the years. The assets of the plan failed to grow at nearly the rate of increase of the plan's liabilities, resulting in a substantial shortfall, which if left to grow, could end up bankrupting the state.

Therefore, the suggestion is that they lower the return assumption again (they lowered it last year to 7.5 percent) to 7.25 percent or, maybe, 7 percent going forward. Have they routinely earned returns anywhere close to these new proposed targets? No!

Then, why even do this? Because lowering the investment return assumption will increase the amount of the annual pension contribution required which, in turn, will trigger tax hikes to meet these new, higher contribution levels. Traditionally, politicians tend to resist tax increases because of the negative effect they have on voter sentiment, but having to raise taxes to pay pension costs is more politically justifiable than raising taxes to increase spending.

You may wonder what this has to do

with you (since you are likely living here in Florida) and personal financial planning. It applies in two ways: First, it is a clear indication local and sales taxes will be increasing (no surprise there) at what is probably going to be a much faster rate than inflation. Second, this same phenomenon happens with many individual financial plans. Many plans assume a return that sounds reasonable but is, in fact, much higher than most people are realizing on their investments. For example, many internet-based retirement calculators assume an 8 percent annual return yet the typical investor only realized a 3.5 percent average annual return so far this century (2000-2016). So, if you are relying on a plan that assumes a return far in excess of what you are earning, it may be time to change your investment assumption (i.e., lower it) and make whatever mid-course corrections are appropriate as a result.

As I write this article, markets are and have recently been at all-time highs, but

we know how quickly corrections can occur (down 37 percent in 2008-2009). As always, we are merely a phone call away if you would like to delve into this further or learn more about our Retirement Ready educational workshops.

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*Senior Guardians has an A+ rating with the Better Business Bureau and is a member in excellent standing with the National Ethics Association. Contact Frederic: 904-371-3302 or 888-891-3381 Please visit: [www.seniorguardian.com](http://www.seniorguardian.com)*

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## MOVERS & SHAKERS



### Hayes joins Hilton Garden Inn as food and beverage director

Ted Hayes has joined the Hilton Garden Inn in Ponte Vedra Beach as the hotel's new director of food and beverage.

Hayes brings with him extensive restaurant and banquet experience, having managed Bistro Aix and been a part of the Downtown Restaurant Group's expansion project that included the opening of Candy Apple Café and Hobnob Food & Social Exchange.

A Florida native, Hayes graduated from the University of Florida with a degree in History. He lives in San Marco with his wife and three children.



### Cobb named to JBJ 'Ultimate Attorneys'

Jacksonville attorney Christopher Cobb has been named to the Jacksonville Business Journal's 2017 class of Ultimate Attorneys. Recipients were honored at a March 7 luncheon at the Omni Jacksonville Hotel.

Now in its second year, the Ultimate Attorneys list celebrates the top attorneys on the First Coast. Honorees were selected from a pool of nominees with the help of members of the local legal community. Cobb, who chairs Florida's Construction Industry Licensing Board, was one of 21 attorneys to make the list.

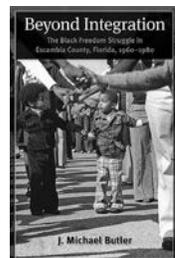
"As a lawyer, I've had the privilege of getting to know so many of Jacksonville's brilliant legal minds," Cobb said. "To have been selected for this award from such a vast and incredibly skilled group of professionals is a real honor."

Cobb is the co-founder of Jacksonville law firm Jimerison & Cobb, P.A. He is board-certified in construction law by the Florida Bar, and has also been named to Super Lawyers Magazine's "Florida Super Lawyers" list for the

past eight consecutive years.

A graduate of Florida Coastal School of Law and the University of North Florida, Cobb lives with his family in St. Augustine's Palencia neighborhood.

The complete list of Ultimate Attorneys honorees was published in the March 10 issue of the Jacksonville Business Journal and can be viewed on its website.



### Flagler Prof. J. Michael Butler receives silver medal in Florida Book Awards

Flagler College Professor Dr. J. Michael Butler received the Silver Medal in the Florida Book Awards for his in-depth study of the civil rights movement in Northwest Florida.

Butler earned the honor in the General Non-Fiction category for "Beyond Integration: The Black Freedom Struggle in Escambia County, Florida, 1960-1980." The book examines how institutional forms of cultural racism persisted beyond the visible signs of racial integration in the 1960s.

"I am thrilled and honored," said Butler, an associate professor of History. "It indicates that the topic of race relations in Escambia County extends beyond state borders and has regional, and even national, lessons and implications. It is also quite nice to know that my work is having an impact beyond the so-called 'ivory tower' in an area that is as important as the continuous struggle for racial justice in America."

Butler received both his master's and doctorate degrees in History from the University of Mississippi, where he specialized in 20th-century southern history with an emphasis on the civil rights movement. He teaches courses in American history, African-American history, slavery in the United States and the civil rights movement. He will attend the banquet for Florida Book Awards on April 12 in Tallahassee.



SMITH

### Smith, Ferrara join Ronald McDonald House board of directors

Michael Smith and Nancy Ferrara have joined the board of directors for Ronald McDonald House Charities (RMHC) of Jacksonville.

Smith is a vice president for CSX Transportation. Ferrara is executive vice president of operations and continuous improvement for Voya Financial, Inc.

"I am honored to have Mike and Nancy join our board of directors," said Diane Boyle, executive director of RMHC Jacksonville. "Mike is well known for his strategic vision, commitment and enthusiasm. Nancy will bring invaluable business experience and insights into RMHC's mission. I welcome them to their new roles and look forward to all they will contribute to the board as we further our mission of keeping families together."

The RMHC of Jacksonville Board of Directors is comprised of individuals from the medical, business, academic and volunteer communities of Northeast Florida. It is the board's responsibility to provide counsel and guidance in the direction and operation of the organization as well as to help raise awareness of its services, which include serving as a "home away from home" for families who need to be near a hospital for their child's medical treatment.

### HarborChase receives 'Customer Experience Award'

HarborChase of Jacksonville recently received the 2017 Customer Experience Award™ from Pinnacle Quality Insight. The assisted living and memory care community received the award in the categories of "Recommend to Others" – which recognizes facilities that gain recommendations from residents and family members – and "Variety of Food/Menu Choices" for its customized menus.