

September 25, 2013 - Senate Committee on Aging –Testimony by Joanne Jacobsen

My name is Joanne (Femino) Jacobsen. I am 63 years old. I was born, grew up, raised and lived in Massachusetts until I was 56 years old. I have two sons, now ages 34, living in Massachusetts and 38, living in New Hampshire.

I have worked in some form or fashion since I was 15. I saved money, supported my sons, and planned for my retirement. Yet when I reached what should have been my retirement age, the promise that I would receive health and pension benefits for the rest of my life was broken, and so were my hopes of retiring comfortably in Florida. Like many Baby Boomers battered by the Recession, I am still in the work force and will probably remain on the job for the foreseeable future. The older people like me you see working at places like WalMart and Home Depot – a lot of us are not doing this because we're bored with retirement; we're doing it to survive.

My parents came from Italy with their parents and settled in Massachusetts. My father grew up in the Roslindale section of Boston, my mother grew up on a farm in Topsfield. We did not have a lot of money while I was growing up. My paternal grandmother became a union steward in the garment industry in Boston and instilled in me a sense that hard work pays off. She had a pension from the union – quite a feat for a woman at that time.

Work History

I started working part time when I was 15 years old and have not stopped working since. I started college, but had to drop out at age 20, because my father got sick and couldn't work anymore. So I got a "good job with the phone company," then AT&T. I got married, then divorced, raised two sons with no support, worked for the phone company for 18 years, and got my bachelor's degree at night school. That degree enabled me to get a promotion into management as the manager of Training & Education in the Information Services division of the phone company, then called NYNEX (New York/New England), where I worked for 12 more years while the company became Bell Atlantic and then Verizon. Thus, I was able to send my sons to college (again, with no financial support), while I also returned to college and got my master's degree.

In January of 2002, I was laid off at age 52, 9 months short of full retirement of 30 years. It was a time when thousands of management employees were being laid off in down-sizing measures in many industries. By luck, I was offered a job that very same month as a real estate appraiser. So I went back to school and learned a new trade. Eventually I moved on to become the town tax assessor and also worked in the Planning & Zoning Board in another town. So I worked three jobs while my youngest son finished college.

I had always planned to move and retire in Florida. Part of my dream came true in January of 2006, when I moved to Venice, Florida (20 miles south of Sarasota) and started working in real estate sales. Unfortunately the recession hit full force in 2007 and I left real estate sales because very few people were buying houses at that point. So I began working as a curriculum manager/writer of real estate training courses for a real estate training and investment company until the company went out of business in 2009. I got a job working for Sarasota County Community Redevelopment Agency, until that job was eliminated too. After a series of

unfulfilling jobs, I went back to real estate sales, where I am presently still working in order to make a living. Thankfully the economy is recovering and sales are good.

Over the past few years, I tried seeking regular employment, sending out over 100 resumes. In one case, I interviewed with five people simultaneously. Everyone raved about my qualifications and about the ingenious comments I had about their business. The vice president, also there at the interview, sent me an email the next day (Thursday), saying that I was their number one candidate and that they'd follow up with me the following Tuesday. When I did not hear from him, I sent him an email that Thursday, his reply was: "Sorry, forgot to call you, we hired another candidate." So from Thursday of one week to Tuesday of the next, he had forgotten who I was; and/or he had just enough time to do a background check to find out that I was really 60 years old. There have been other similar incidents, so I decided to return to self-employment in real estate. And thus is the plight of so many baby boomers: subtle and unproveable age discrimination.

### Financial Planning

While working for the Verizon, I did all the right things. Even though I was the sole supporter of two sons, in addition to being enrolled in the company's defined benefit pension plan, I also enrolled in the company savings plan, I bought a few stocks, participated in financial planning offered by the company and kept track of all of my promised/earned retirement benefits. The Company sent out our benefits enrollment packages every year, including information about our retirement benefits. I began planning my retirement while in my 30's. My goal was to retire to Florida in my 50's. All of my financial and retirement planning was centered on Verizon's promised pension and retirement health care benefits. All that was factored into the budget for my retirement.

### The New Reality for Baby Boomers

When I was laid off at Verizon, I had a choice: I could take my pension earnings in a lump sum distribution or an annuity. Given the uncertain nature of the industry, I took a lump sum and put it in an IRA and other investments. After I did that, Verizon, like many other companies, began to "de-risk" its pension funds, that is it is selling them off to a third party that annuitizes the plan, allowing the company to avoid certain risks.

As I approached age 62 in June of 2012, I converted my IRA to annuities and enrolled in Social Security benefits. Just 6 weeks later, out of the blue, I received a letter from Verizon, now spun off as a new company called SuperMedia, stating that they would no longer provide health care benefits and would even discontinue our life insurance. For those people 65 and older, this rescission of benefits took place almost immediately. For those under 65, like me, health care premiums increased immediately. My health care premium shot up from \$145 per month to \$303 per month. All company subsidies for health care will stop as of January 1, 2014.

I obtained estimates for private health care which were between \$500 - \$800 per month. Estimates from Verizon/SuperMedia for group insurance are expected to be around \$600 per month. Life insurance would be extra. Buying life insurance after age 60 is an enormous expense, depending on the amount and if you add long-term care insurance as well.

I have owned my own home since I was 23. When I moved to Florida, I owned a small condo at first and kept moving up as I felt a little more comfortable about my financial situation. I bought a home in January 2010, but since then have been unable to sell the condo I moved from due to the depressed home values since the recession. In addition to these new health care expenses I also have costs associated with my home, my home owners insurance on just one home in Florida has gone from \$1,403 in 2012 to \$1,939 in 2013.

My annuities and social security barely cover my basic costs of mortgage, taxes, insurance, car payments, utilities, and daily living and business expenses. It does not cover my increase in health care premiums. So my work continues.

#### The Pitfalls of Social Security

Because I took Social Security before my normal retirement age of 66, I can only earn up to \$15,120 per year, before a portion of my benefits are withheld. I need to earn money to pay for all these unexpected health care costs, but I don't want to earn so much that I lose part of the benefits. I have been to my local Social Security office four times in the last year trying to figure out how this work limitation impacts my benefits, and only now, upon preparing for this hearing, have I discovered that I don't actually lose this money, but that I will get an enhanced benefit once I hit age 66. Unfortunately that does not help me now.

Because I have been living on this limited budget the past year or so, I have had to I have to charge doctors and dentists visits, along with other unanticipated expenses, to my credit cards. Until now, my debt was always manageable and my credit rating near 800. Now it has swollen to five figures, my credit rating has diminished. My thoughts of ever retiring have diminished as well. So there are no vacations, new cars or luxury items for me. There will be no thoughts of ever really retiring. I will still be working into the unforeseeable future, or until my health holds out. The equation for me is: Escalating expenses (insurance and health care costs) vs. fixed income = the necessity to work

#### Educating the Next Generation

I now serve as financial counselor to my sons with regard to jobs, careers, investing and retirement planning. I have told them that it now a "do-it-yourself" economy and always have the proverbial Plan B and Plan C. That is if you don't do it, no one else is going to do it for you. There is no stability in today's job market and absolutely no promise of retirement benefits.

#### What Baby Boomers Need

We need relief. This is a life or death matter. People will die for lack of affordable and quality health care.