



The numbers you need to know

SOURCE: PBS NEWS HOUR

Americans need more money than ever before to live comfortably in retirement, but a large percentage of people have very little saved. “The retirement crisis in the United States today is very real,” said Angela Antonelli, the executive director of Georgetown University’s Center for Retirement Initiatives. “The reality is as we look at what people have put away for retirement today they haven’t put a lot away for those who are age 65.”

There is no set amount people should save, retirement experts say. Some financial planners say you can get by with 60 percent of your annual income per year in retirement. Others encourage you to save up to 110 percent. But they all agree \$25,000 is not nearly enough.

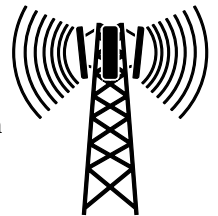
More than two-thirds of Latino workers do not own assets in a retirement account, according to the National Institute on Retirement Security. About 62 percent of black households don’t, either. In comparison just 37 percent of white households said they don’t have any assets saved in retirement accounts.

The Urban Institute estimates the average white family has \$157,800 in retirement savings. Hispanic families have \$28,500, and black families have \$25,000 put away. “The American dream remains out of reach for many African-American and Hispanic families,” said Signe-Mary McKernan, an economist at the Urban Institute. ●

Gray TV Buys Raycom Media

BY DAVID G. BRONNER

If approved by both the Securities Exchange Commission and the Department of Justice, the combination of Gray Television and Raycom Media would create the third largest television station owner, with 142 stations in 92 U.S. markets, reaching into 24% of all U.S. television households.



The sale at \$3.65 billion – which does not include CNHI that has over 100 newspapers in 22 states nor PureCars, a digital ad platform for the automotive industry – was a difficult decision. Raycom began in 1996 with only a handful of competitors, and now has over 300 various networks today. But with the size of Gray and Raycom together, the future looks bright.

If approved, the RSA will continue its investment in Gray/Raycom with a \$650 million preferred stock at 8%, along with 10 million shares of common stock (currently valued at \$130-\$140 million) or 11% of Gray. Gray/Raycom will continue the Raycom headquarters in Montgomery, with the yearly \$30 million advertising program and RTJ support programs for ten years. ●

Social Security Needs Legal Immigrants

BY GEORGE MELLOAN, *THE WALL STREET JOURNAL*

Trustees for the combined Social Security trust funds have just warned Congress that the funds are running out of money faster than expected. Revenues from payroll taxes in 2017 were lower than predicted, and spending on old-age and survivor benefits and Medicare higher.

As former trustee Charles Blahous reported recently in these pages, spending now exceeds revenues and has begun eating into principal, a turning point that as recently as last year wasn’t expected until 2022. The Medicare fund is now due to run dry in 2026. The depletion is

exacerbated by the lack of actual money in the funds; real money has been exchanged for Treasury IOUs.

These dire predictions bear heavily on another issue bedeviling Congress at the moment: immigration reform. Without working-age immigrants steadily expanding the American labor force, the trust funds would be going broke even faster than they are now. Yet Congress, under pressure from President Trump and other nativists in the Republican Party, is focused on curtailing rather than expanding the supply of immigrant labor.

This is totally irrational, and not only because it will hasten the day when Congress will have to take painful measures to keep entitlements flowing. The U.S. has a labor shortage already. The Labor Department reported last week that job openings now exceed the number of people listed as unemployed. Only 3.8% of the workforce is unemployed, just under the 4% that is usually regarded—because of temporary joblessness, or “float”—as full employment.

CONTINUED ON PAGE TWO

Immigration accounts for more than half of U.S. population growth, and a Pew Research report last year showed that working-age immigrants will be vital to the future expansion of the labor force. Labor is a factor of production even in an advanced economy that invests heavily in plant and equipment. Without an expanding labor supply, it is hard to achieve economic growth, which is essential to finance a welfare state like ours.

Manufacturers can invest in robots to substitute for some human workers, but the service sector employs far more workers in the U.S., and it isn't easy to invent a robot that can do the job of a doctor or teacher. The American Medical Association has estimated that 27% of doctors practicing in the U.S. are foreign born. More to the point, robots don't pay the payroll taxes that support Social Security and Medicare.

Despite the major economic stimulus provided by last year's tax reform, the American labor force hasn't expanded. According to the Bureau of Labor Statistics, only 62.7% of working-age Americans had jobs in May, unchanged from the previous year. That's almost 5 percentage points below the most recent peak level of participation, 67.3% in 2000.

To be sure, the Trump administration's tax and regulatory reforms have led to an expansion of employment, but not by much. Roughly 155,474,000 Americans had jobs in May—an increase of only 1.7% from a year earlier, less than the rate of economic growth. The rise in employment wasn't enough to satisfy increased demand for labor.

Numerous theories have been suggested to explain the low

workforce-participation rate. One factor may be the retirement of the large baby boom generation—which, not incidentally, also adds to entitlement costs.

Government statisticians often blame that hard-to-control trend for the labor-participation dip, but less apologetic



ILLUSTRATION: DAVID KLEIN

researchers also note the government's over generosity in granting disability insurance. The number of workers receiving federal disability benefits has soared to about 10 million in 2010 from about four million in 1990, though standards have since been tightened and the increase in awards has leveled off. At any rate, the trust funds are now bearing a heavier disability burden. And certainly an elaborate safety net for the unemployed reduces the

incentive for work.

Faced with these disturbing trends, President Trump nonetheless announced last August his support for legislation that would cut legal immigration in half within a decade. This would be done mainly by curtailing the ability of American citizens and legal residents to bring family members into the country. In short, the goal was to reduce the workforce even more than was happening already, for the professed purpose of protecting American jobs.

To the credit of congressional Republicans, this draconian policy remains in limbo. The more active debate in Congress is how to legalize the status of the million or so "Dreamers": grown-ups who were brought to America illegally as children. There is strong public sentiment, on humanitarian grounds, for not shipping them back to countries they have never known, and it seems likely that Congress will work out a path for them to remain in the U.S.

Retaining the Dreamers, however, wouldn't be enough to ensure that the U.S., with its low population growth, has a sufficient workforce to support the economic growth it needs to maintain the welfare state. The situation described by the Social Security trustees isn't going away. To the contrary, addressing it is becoming more urgent, and more rather than less liberal immigration policies are one way to do that.

Mr. Melloan is a former deputy editor of the Journal editorial page. ●

Fighting to Save Alabama's Rural Hospitals

BY BRADLEY BYRNE, U.S. REPRESENTATIVE 1ST DISTRICT OF ALABAMA

These are positive times for many Alabamians. Our unemployment rate is at an all-time low, major manufacturers continue to locate in our state, and the national championship trophy is back in the state where it belongs.

Despite the momentum, our state is certainly not free from challenges. One of the most serious issues facing Alabama

hardly ever receives the attention it deserves. I'm talking about the closure of rural hospitals throughout our state.

Hospitals are the backbone of many communities in rural Alabama. In addition to being the top employer in many cases, these hospitals are critical when it comes to keeping local residents healthy. Since coming to Congress, I have

visited many of these rural hospitals and seen firsthand the challenges they face.

Startlingly, since 2011, eleven hospitals have closed in Alabama, and another dozen are in danger of closing in the next two years. Today, the median rural hospital in Alabama is operating at about a minus eleven percent margin and 86% are

CONTINUED ON PAGE THREE

Fighting to Save Alabama's Rural Hospitals CONTINUED FROM PAGE TWO

losing money. You don't have to be a businessman to realize that is unsustainable.

The impact of a hospital closure on a rural community is profound. It can leave those needing emergency or in-patient care with long – and potentially deadly – commutes to the nearest hospital. Some who need care the most simply have no way to make the burdensome trip to a metropolitan area.

The closure of rural hospitals also hurts our ability to attract new industry to our state. Without hospital access, many modern employers, such as high-tech manufacturers, will refuse to locate to the areas of our state that need investment and jobs the most.

One of the primary issues driving the problem is that Alabama has the lowest Medicare reimbursement rate in the country. Alabama hospitals are reimbursed as much as twenty-one percent below the national average and at rates considerably lower than our state neighbors. Due to a poorly designed formula implemented in

the 1980s known as the Medicare Wage Index, the problem continues to compound every year.

Consider this: D.W. McMillan Hospital in Brewton, Alabama, near the Florida border, is reimbursed almost twenty percent less for the exact same treatment as a hospital right across the border in Jay, Florida. It isn't fair, it makes no sense, and it is devastating for our hospitals.

Much of the positive development in our state has been a testament to a spirit of teamwork. Leaders in Alabama saw the need to transform our economy and work together to attract new businesses. It will take that very spirit of cooperation and teamwork to solve the problems facing our rural hospitals.

When it comes to healthcare, there are a lot of different ideas. Republicans and Democrats have some serious disagreements. It would be easy to retreat to our respective corners and blame the other side for Alabama's hospital closure problem. But, that's not productive, and it

certainly won't solve the problem.

In Washington, the entire Alabama Congressional Delegation has been working with Centers for Medicare and Medicaid Services (CMS) Administrator Seema Verma and Congressional leadership to come up with new and innovative ideas to fix our long-term reimbursement issue. We are committed to thinking outside the box to solve this problem and protect Alabama's rural hospitals.

However, Congressional action alone won't solve the problem. The solution will require a total team effort from every level of government, as well as assistance from community and business leaders.

If Alabama is going to continue to move forward, we must address the challenges facing our rural hospitals and ensure Alabamians have adequate access to hospital care. If we work together as a team, I am hopeful this issue can be resolved. ●

Tourism is Big Business in Coastal Alabama

BY MARK FAGAN

Coastal Alabama (Baldwin County and Mobile County) had 9.8 million tourists in 2017, according to reports from the Alabama Tourism Department. The tourists to Coastal Alabama spent \$5.6 billion of the more than \$14.3 billion tourism spending in Alabama. This spending produced over \$420 million in local sales and lodging taxes for Coastal Alabama.

There were 67,749 direct/indirect tourism related jobs in Coastal Alabama, which was over one-third of the 187,000 tourism jobs in Alabama. The tourism jobs in Coastal Alabama had \$1.9 billion in earnings and close to half of the total tourism job earnings of \$5 billion in Alabama.

Tourism in Coastal Alabama has expanded greatly over the last 20 years. Tourism spending in 1997 was \$1.5 billion which showed growth of \$4.1 billion per

year by 2017. Local sales and lodging taxes were \$88 million in 1997, which showed growth of \$331 million per year by 2017. The number of tourism jobs in Coastal Alabama for 1997 was 39,844, which showed growth of 27,905 jobs by 2017. The earnings from tourism jobs in Coastal Alabama in 1997 was \$647 million, which showed growth of \$1.3 billion per year by 2017.

Many factors have contributed to this growth in tourism in Coastal Alabama. The number of condos, hotels, and motels has increased dramatically in Coastal Alabama over the last 20 years and there are increased tourist attractions. There are also more retirees and seasonal residents in Coastal Alabama. Downtown Mobile has been revitalized partially with investments by the Retirement Systems of Alabama, and they have vigorously

promoted through their media companies their three hotels (The Grand Hotel, The Battle House, and The Riverview) and 90 golf holes (54 at Magnolia Grove and 36 at Lakewood) in Coastal Alabama.

Mark Fagan has recently published two books about Coastal Alabama: Coastal Alabama Retirement Guide which features The Colony at The Grand, RSA's community in Point Clear, and Coastal Alabama Economic History, which features RSA's redevelopment of downtown Mobile including their hotels and office buildings. More information on these books can be found at <https://store.bookbaby.com/book/Coastal-Alabama-Retirement-Guide> and <https://store.bookbaby.com/book/Coastal-Alabama-Economic-History>. ●



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- September 1-3, 6, 9-10, 16, 20, 23-24, 30
- October 1, 7-8, 14, 16, 20-21, 28-29

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- October 21-23, 25, 28-31

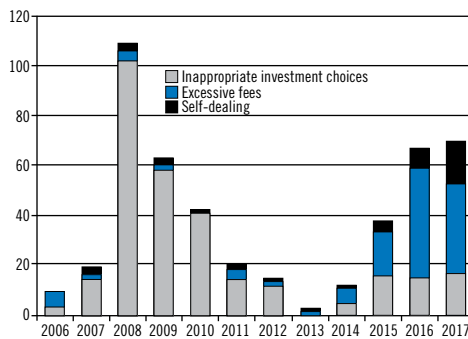
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Number of Complaints Related to 401(k) Plans by Type of Complaint, 2006-2017

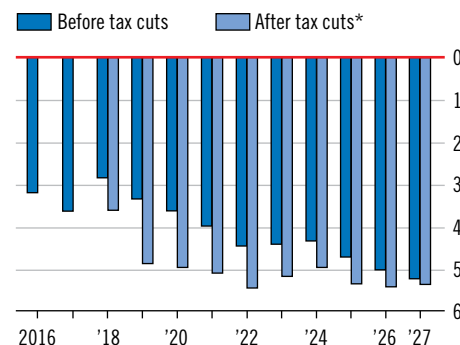


Note: The number of complaints in this figure exceeds the total number of 401(k)-related complaints because many cases have multiple bases for claims.

Source: Bloomberg Bureau of National Affairs, ERISA Litigation Tracker (2018)

Deficit Hawks, Look Away Now

United States, projected budget deficit, % of GDP



Sources: CBO; *Calculation assumes projected boost to GDP from tax cuts is immediate
JCT; *The Economist*



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PEEHIP

Donna M. Joyner

RSA-1

Rhonda H. Peters

Teachers' Retirement

Christopher P. Townes

The Retirement Systems of Alabama

201 South Union Street

P.O. Box 302150

Montgomery, Alabama 36130-2150

Phone: 334.517.7000

877.517.0020

RSA Website: www.rsa-al.gov