



# Retired Peace Officers Association of California

Fraternal Order of Police - California Lodge #55



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SERVING THOSE WHO SERVED OTHERS

JULY 2025

## Is Pension Reform Going to be Reformed? *by President Alex Bernard*

Is the Legislature going to reform pension reform? The answer is maybe. AB 569 would allow local agencies to negotiate contributions for supplemental defined pension benefits. What that means is that they may be able to reduce the retirement age and enhance the pension formula. The Teamsters are promoting this bill. It is currently in the Assembly Appropriations Committee. Will it move out of committee? My personal opinion is that it will end up in the suspense file. Many cities and counties are having financial problems, and they are lobbying against the bill. Time will tell if it moves forward.

Are politicians looking to buy their way out of the recruitment and retention crisis with reforming pension reform? Again, the answer is maybe. The politicians appear to think that higher salaries, benefits and better pensions will resolve the

recruitment and retention crisis. But it won't. The nature of the job has changed since we were working. Young people see the lack of respect and limitations put on law enforcement, and they want no part of it. Young officers have commented to me that they can't do what officers in the past did in their careers. They are frustrated by that. They want to do their job, but the politicians won't let them. I personally have a relative who left the profession because of this. This is the issue they need to deal with if they want to recruit and retain law enforcement officers.

Over the last decade, POST has promoted the idea that law enforcement must be politically correct. They have worked hard to achieve that. Today's training and hiring standards reflects that mindset. The establishment of the



*"Are politicians looking to buy their way out of the recruitment and retention crisis with reforming pension reform?"*



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# Pension Reform

(Continued)

Standards Accountability Division in 2023 further reinforces political correctness. POST now can suspend or revoke your POST certificates if you don't follow their guidelines, even if it is within department policy. I must point out that all of this was done because of legislation that was passed by the Legislature signed by Governors Brown or Newsom. The effects of political correctness have alienated many young people from coming into the profession.

As a retiree, I want see law enforcement move forward in a positive direction. I want to be protected by the current officers. But that doesn't appear to be the case. There are huge shortages of officers in the country. In California, the CHP is down more than 1,000 officers.

The LAPD and LASO are both down over 1,200 officers. Services are lacking because of this and there is no apparent solution to the problem.

Reforming pension reform and raising salaries and benefits will not cause young people to come to the profession in the numbers needed. The politicians and the public must bring respect to the job and allow officers to do their jobs without constant criticism. Law enforcement is an honorable profession, and we



need to return dignity and respect to those who perform the job.

I hope you have a healthy and safe summer.

## GENERAL MEMBERSHIP MEETING

Our Annual Membership meeting will be held later this year, usually in October or November.

As always, your RPOAC Board of Directors invites all members to attend.

Take these opportunities to get to know your Directors and take a more active role in our organization. Check the website for more information.



## Benefits Corner



# Your Home as a Source of Dollars in Retirement

If you own a home, you may be wealthier than you think. The equity in your home could be one of your largest assets, especially if your mortgage has been paid down over the years or paid off. This home equity can be a valuable source of extra income during your retirement years.

### How do you tap your home equity?

There are two ways to tap your home equity if you're approaching retirement (or already retired) and



don't want to make mortgage payments: You can trade down, or you can use a reverse mortgage. Trading down involves selling your present home and replacing it with a smaller, less expensive home. A reverse mortgage is a home

mortgage in which the lender makes monthly payments to you, rather than you making monthly payments to the lender. Both strategies can give you substantial additional income during retirement.

Note: You could get money from your home by taking a home equity loan, where you place a regular mortgage on your home. But you must repay the home equity loan with interest, like other regular home mortgages.



### Trading down can give you increased income

If your home is larger than you need, trading down to a smaller place may be a good way to increase your retirement income. The difference between the price that you receive for your present home and the cost of a smaller new home can be added to your retirement funds to provide you with additional investment income. The amount of cash that you can get by trading down depends on the value of your present home, the cost of purchasing a new home, and the incidental costs involved in the trade (e.g., brokerage commissions, legal fees, closing costs, and moving expenses). You should estimate these amounts to get some idea of the net amount that you will receive. To check the present value of your home, you should get an estimate of its selling price from two or three real estate agents. You should also get an estimate of the cost of your replacement home by shopping

around for the type of home that you think you'll want.

Note: If you think that the tax consequences of trading down are a drawback, think again. You may be able to exclude from federal taxation up to \$250,000 (\$500,000 if you're married and file a joint return) of any resulting capital gain, regardless of your age. To qualify for this exclusion, you generally must have owned and used the home as your principal residence for a total of two out of the five years before the sale. An individual, or either spouse in a married couple, can generally use this exemption only once every two years. However, even if you don't meet these tests, a partial exemption may be available. (For sales and exchanges made after December 31, 2008, this home sale exclusion won't apply to the extent the gain is allocated to periods (not including any period before January 1, 2009) during which the property was not used as your, or your spouse's, principal residence.)



### Trading down can reduce your housing costs

The other important financial benefit of downsizing is that it reduces housing costs--often substantially. A smaller home usually means lower real estate taxes and smaller bills for heating, cooling, insurance, and maintenance costs. If your move is from a single-family house to a condominium, your costs will be reduced even more because outside painting, roof repair, landscaping, and similar costs disappear into lower monthly condo fees. You

should carefully estimate the amount of cost savings that you'll get from trading down. Compare the annual cost of maintaining your present home with the expected annual cost of maintaining your new home. Be sure to prorate expenses that do not occur regularly, such as indoor and outdoor painting and roof repairs.



### But trading down may have disadvantages

Consider the possible drawbacks of trading down. For instance, you may not want to reduce your living space by moving to a smaller home, or you may not be able to find a smaller home as attractive as your present home. Another common problem with downsizing occurs if you are strongly attached to your present home. You may not want to be uprooted from your home and the social network around it. Still, you may also be troubled by worries that afflict many older homeowners, such as rising property taxes, the threat of escalating insurance, and the unexpected cost of major repairs. You may decide that trading down is warranted to lighten these worries as well as your financial burden.

Note: If you sell your home at a gain and aren't eligible for the capital gain home sale exclusion, you'll have to pay federal income taxes on the difference between the selling price and your adjusted basis (the initial

cost of your home, plus amounts you've paid for capital improvements, less any depreciation and casualty losses claimed for tax purposes) in the home.



**A reverse mortgage can also give you increased income**

If you are older and have substantial equity in your home, a reverse mortgage can give you a valuable supplemental source of retirement income. You can receive this income based on the equity that you have built up over the years in your home -without having to repay the reverse mortgage during your life. The amount of the monthly payment you receive from a reverse mortgage depends on four factors:

- Your age
- The amount of equity in your home
- The interest rate charged by the lender
- Closing costs

The older you are and the more equity in your home, the larger your monthly payments will be. Also, a lower interest rate and lower closing costs will increase your payments.

**A reverse mortgage lets you keep your present home for life**

As discussed, you may not want to trade down for a variety of reasons, including attachment to your present home. With a reverse mortgage, you can increase your income and continue to live in your

present home for life. The mortgage typically becomes due when you no longer live in the home.



When reverse mortgage payments last as long as you live in your home, the mortgage is known as a tenure reverse mortgage. You can get other types of reverse mortgages, including an annuity advance reverse mortgage. With the annuity mortgage, payments last as long as you live, regardless of whether you continue to live in your home.



**But a reverse mortgage is not without drawbacks**

With a reverse mortgage, you must mortgage your home to the lender. Each payment that you receive from the lender increases the amount of principal and interest that you owe on the mortgage. Although the mortgage typically does not become due while you're still living in the home, the equity value of your home is reduced by each payment that you receive. This reduction in the equity value of your home may have a negative effect on your children's ultimate inheritance.

Note: If you face a retirement income shortage, this equity reduction may be preferable to a reduction in your standard of living.

Also, in the rare case where the value of your home appreciates more rapidly than the mortgage loan increases, equity reduction does not occur.

A reverse mortgage may have other drawbacks, including:

- High up-front costs: The closing costs for a reverse mortgage normally exceed the closing costs for a conventional mortgage. This means that a reverse mortgage may not be cost effective if you plan to remain in your home for only a few years.
- No reduction in homeowner costs: Unlike trading down to a home with lower housing expenses, a reverse mortgage does not reduce your housing costs. Since you stay in your home, you still face real estate taxes, insurance, repairs, and other costs associated with the home.



**As with all important decisions, you should seek professional advice before deciding on any financial course of action.**

REAL ID



*As of May 7, 2025, you need a REAL ID to travel domestically in the U.S., or you'll need your passport. Regular Driver Licenses are no longer acceptable.*

**Check with Your State**

The requirements for a REAL ID may vary a little from state to state. Check with your specific state to find out what you need to process for a REAL ID.



## A Real ID, Do I Need It?

In today's increasingly security-conscious world, having a REAL ID has become more important than ever. The REAL ID Act, passed by Congress in 2005, establishes minimum security standards for state-issued driver's licenses and identification cards. Beginning May 7, 2025, every air traveler 18 years or older will need a REAL ID-compliant license or another acceptable form of identification (such as a passport) to fly within the United States or to access certain federal facilities.

to missed flights, disrupted plans, and unnecessary stress.

In addition to airport security, REAL ID may be required to enter certain federal buildings and military bases. Having this form of identification ensures seamless access and avoids potential delays during critical appointments or visits.

Getting a REAL ID is a straightforward process, but it requires planning. Applicants need to visit their local Department of Motor Vehicles (DMV) with the required documents, which often include proof of identity, Social Security number, and two proofs of residency.



FAST FACTS

56%

As of January 2024, approximately 56% of state-issued driver's licenses and identification cards in the United States were Real ID-compliant, according to the Department of Homeland Security (DHS). This means roughly 153 million Americans do not currently have a Real ID or are unsure if they do.

48%

Approximately 48% of Americans have a passport. This translates to roughly 170 million valid passports in circulation. The number of Americans with passports has been steadily increasing, with a significant rise in the past few decades.

The primary purpose of the REAL ID is to enhance national security by making it harder for individuals to obtain fraudulent IDs. Each state must now verify key documents—such as birth certificates, Social Security numbers, and proof of residence—before issuing a REAL ID. This added verification step helps prevent identity theft and protects against the use of fake IDs for malicious purposes.

For most people, the most practical benefit of having a REAL ID is its necessity for domestic air travel. Without a REAL ID or an alternative accepted form of ID, individuals may be denied boarding at airport security checkpoints. This could lead

In conclusion, obtaining a REAL ID is an essential step toward ensuring personal convenience and national security. Many people delayed getting their REAL ID until after they became required so you may encounter a longer processing time than usual.

# Smart Budgeting Tips for Senior Citizens in Retirement

Retirement is a significant milestone that brings newfound freedom—and a need for careful financial planning. For senior citizens, effective budgeting is essential to ensure a secure and fulfilling retirement. With a fixed income and rising living costs, managing money wisely helps prevent financial stress and allows retirees to enjoy their golden years with peace of mind.

## 1. Assess Income and Expenses

The first step in budgeting is understanding your financial picture. List all sources of income, such as Social Security, pensions, retirement savings, annuities, and any part-time work. Next, track monthly expenses—including housing, utilities, groceries, insurance, healthcare, transportation, and entertainment. Identifying where your money goes is key to making informed decisions.

## 2. Prioritize Needs Over Wants

In retirement, it's important to differentiate between needs and wants. Essential expenses like housing, food, medication, and insurance should take precedence over discretionary spending. While treating yourself occasionally is important for quality of life, living within your means helps stretch your savings.

## 3. Plan for Healthcare Costs

Medical expenses tend to rise with age, so it's wise to allocate a portion of your budget to out-of-pocket healthcare costs. Consider premiums, co-pays, medications, and long-term care. Supplemental insurance plans or Medicare Advantage plans may help cover additional expenses and provide financial protection.

## 4. Avoid Unnecessary Debt

Carrying debt into retirement can strain a fixed income. If possible, pay off high-interest debts, such as credit cards, and avoid taking on new loans unless absolutely necessary. Use credit cards responsibly and pay the balance in full each month to avoid interest charges.

## 5. Make Use of Senior Discounts and Benefits

Take advantage of senior discounts on groceries, restaurants, transportation, and entertainment. Many local and federal programs offer assistance with utility bills, prescription drugs, and property taxes. These savings can add up and help extend your budget.

## 6. Review and Adjust Regularly

A retirement budget isn't set in stone. Life changes, and so do expenses. Review your budget quarterly or annually to adjust for inflation, changes in healthcare needs, or shifts in income. Staying flexible helps you adapt and maintain financial stability.

## 7. Seek Professional Advice

If managing finances feels overwhelming, consider speaking with a certified financial advisor who specializes in retirement planning. They can help create a personalized strategy to make your money last and align your spending with your goals.

## Conclusion

Budgeting in retirement is about balance—living comfortably while ensuring your financial resources last. With a thoughtful plan, senior citizens can enjoy their retirement years with confidence, independence, and peace of mind.



BE FINANCIALLY WISE



## Will Rogers

"Too many people spend money they earned, to buy things they don't want, to impress people that they don't like."



## Dave Ramsey

"You must gain control over your money or the lack of it will forever control you."



# The Briefing Board

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- [CalPERS Announces New Health Plan Contracts to Lower Costs While Improving Quality and Accountability](#) - 6/12/24

## Stay Informed!

Just because you're retired, don't let that keep you out of the loop on information and legislative actions that are happening locally, statewide or even nationally.



The RPOAC is always watching out for any actions that could affect your retirements and/or benefits.



The Briefing Board is your connection to the legislative actions that your elected officials are trying to enact.



**STAY AWARE!**