

# RECOM ROUNDUP

FEBRUARY 2019

## RETIRED EMPLOYEES CITY OF MESA NEWSLETTER

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An organization of, for  
and about retired  
employees from the  
City of Mesa, Arizona

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<http://www.recomaz.org>

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## RECOM'S SPRING EVENT FOR MEMBERS

### EXPLORING NEW OPPORTUNITIES

RECOM's Spring Member Event is sure to be a great opportunity to learn how others explored new opportunities and are living their retirement. Please mark your calendar and join us on March 20, 2019 at the Windemere Hotel & Conference Center, 5750 E. Main St., Mesa. Check-in begins at 9:00 am, with the program starting at 9:30 am and ending at 1:00 pm. See below for information on the required pre-registration. Our guest speakers will inform, entertain and inspire you.



#### ***Frank "Gunny" Alger - When Change Happens, What Do You Do?***

Frank (Gunny) is a retired Marine Gunnery Sergeant and currently works for the Art Institute of Pittsburgh in admissions and is an adjunct professor at the University of Dubuque, Tempe campus. He is one of the Founding Fathers of the East Valley Young Marines and the East Valley Veterans Parade Association. Frank has over 25 years of experience in building leaders and training volunteer workers. He has been recognized for his training and volunteer work locally, regionally, and nationally. As a professional photographer, he has volunteered his time and talent capturing images for several local veterans' meetings and teaching beginning photography classes in the area.

#### ***Sheila Grinell - A Second Act***

Sheila Grinell is an innovator who developed the concept of interactive science museums. Under her leadership, she helped create the New York Hall of Science, the Exploratorium in San Francisco and the Arizona Science Center in Phoenix.



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As CEO of the Arizona Science Center, she created a museum that now welcomes about 400,000 visitors annually. Toward the end of this accredited career, she retired from the Arizona Science Center in 2004. The change from the methodical thinking of museum-planning to fiction was a whole new world to her. She published her first novel, *Appetite*, in 2016. Her second novel, *The Contract*, will be out later this year.



*Our luncheon speaker/entertainer will be Dolan Ellis,  
Arizona's Official State Balladeer*

After more than 50 years as *The Balladeer*, Dolan Ellis still hangs his professional hat on the title that first came to him in February, 1966, as an appointment by Governor Sam Goddard that has now been endorsed by thirteen consecutive governors. Many well-deserved awards have come to Dolan Ellis over the years: a Grammy, gold records, and membership in the Arizona Tourism Hall of Fame. Senator John McCain read Dolan and his music into the Congressional Record. He was the first to be inducted as an Arizona Culture Keeper. As wonderful as these awards and titles are, nothing means as much to this great musician and folklorist as being *The Balladeer*.

#### **PLEASE NOTE THAT THIS IS A MEMBER-ONLY EVENT**

A free plated lunch will be served at the event. In order for the Windemere to know how many lunches to prepare, pre-registration is required. Pre-registration begins February 27 and ends March 12. Please include the name of each member on the registration and select a luncheon entrée of your choice per attendee. **NO SUBSTITUTIONS** can be offered on the meal options. You will get more information later on the pre-registration process.

If you pre-register and later determine that you will be unable to attend, please contact Peggy Haney at 480-969-1706 or [peggyhaney@cox.net](mailto:peggyhaney@cox.net) to cancel your registration. RECOM is charged for any meals that have not been cancelled prior to March 14. Thank you for your courtesy.

RECOM will again be supporting the United Food Bank. This year, **MONETARY DONATIONS ONLY** will be collected. The Food Bank gets more "bang for their buck" with monetary donations. Envelopes for will be available at the meeting, and your contribution can be made by cash, check, or credit card. Please be as generous as possible, as the shelves are empty. Thank you!!

*And remember ... Opportunities are like sunrises. If you wait too long, you miss them.*

*~ William Arthur Ward ~*

# Speaker Highlights

## REVERSE MORTGAGES AND iBUYERS



The terms, "Reverse Mortgage" and "iBuyer" were hardly heard of a few years ago; however, in today's real estate market they're fairly common. We've seen and heard about both through sales pitches from spokesmen like *The Fonz* to that "I Buy Any House in Any Condition" guy *Doug*, each claims to be the best way to get the most cash out of your home. So what's it all about?

Real Estate Professional Lorraine Ryall of KOR Properties explained it all during our January member's meeting. An Associate Broker and Multi-Million Dollar producer for the past nine years, Lorraine's first topic of her presentation was the Home Equity Conversion Loan, better known as the Reverse Mortgage.

### A REVERSE MORTGAGE OR - SOME FACTS *THE FONZ* DIDN'T MENTION

Just as the name implies, a reverse mortgage is a method by which you "convert" part of the equity you have in your home to funds which are immediately available to you and are tax free (most times, but check with your tax advisor on this point). As the name also implies, this is a "loan" and will have to be paid back according to the program terms. Although a monthly payment of principal and interest is not required, you still must pay taxes, homeowner insurance and maintenance upkeep. This type of mortgage allows you to access the equity in your home and defer payment of the loan as long as you are still living there. Once Lorraine made clear what a reverse mortgage is, she explained the eligibility requirements, benefits, drawbacks, how funds are received and how they can be used.

**Eligibility** - To be eligible to apply, one of the borrowers must be a minimum of 62 years of age. You must live in your home as your primary residence, be current on property taxes and insurance, and meet HUD's financial eligibility guidelines.

**Benefits** - In addition to not having monthly principal and interest payments, you can pay off your existing mortgage and continue to live in your home and keep the title. After the loan is repaid, you (or heirs) can keep any remaining equity. This type of loan is a non-recourse loan, so you (or heirs) are not personally liable for the amount of mortgage that surpasses the home's value.

**Drawbacks** - Besides using the equity you have built up, you will have additional costs. These will include a higher interest rate than a traditional mortgage and most likely a higher loan fee - in addition to mortgage insurance which will be added to the loan. A reverse mortgage is not a government benefit, but it could affect other benefits you may be receiving from programs such as Supplemental Social Security and Medicare.

**How Funds are Received** - Depending on if your mortgage is a fixed or adjustable rate, there are various ways you can receive funds. These can include one lump sum, a line of credit, monthly payouts for a set number of years or as long as you live in the house, and even a combination of any of these.



Photo by Bill Everson

*"Mortgages aren't one-size-fits-all and that's especially true for a reverse mortgage."*

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**How Funds Can Be Used** - There are no restrictions on how the funds can be used. A few examples Lorraine gave included payment of healthcare or emergency expenses, a supplement to your income, home renovations, buying a new home or paying off high interest debt.

Lorraine again pointed out that a reverse mortgage is a loan - and just like any other type of mortgage, the lender can foreclose on your property for a number of reasons. These can be due to not maintaining the home, not paying taxes and insurance, or the home ceases to be your primary residence.

## So That Guy Doug is Actually An iBuyer!

Lorraine's next topic was the iBuyer. These are companies such as Opendoor, Offerpad or Zillow that will make you an offer on your home within minutes (or days), sight unseen, based on their valuation model. There are both benefits and negatives to selling your home to an iBuyer.

**Benefits** - The main advantage over a traditional sale using an agent is that you can sell your home quickly because there are no showings. This also means there is no need or expenses to get your home "show ready." Another advantage is that you're able to sell your home on your own schedule by choosing when you will close and when you will move. If you are intending to purchase another home, the quick sale an iBuyer can offer you can also result in a stronger contingency on your future purchase.

**Negatives** - So, is an iBuyer right for you? Maybe, but Lorraine warns that you need to fully understand the terms and claims an iBuyer will make. For instance, the claim of no realtor fees is true; however, you will pay a higher service charge. And the claim of only 1% in closing costs? You'll have to pay closing costs regardless of an iBuyer or traditional sale. Even though you don't need to stage and prepare your home for showings, very few homes actually need expensive staging. If there are cosmetic things that should be done like painting or carpeting, an iBuyer will reduce the price they offer to accommodate these costs. If repairs needed, an iBuyer will ask that you make the repairs or they will again reduce their offer to cover those costs. In either case, you will be paying for repairs, which will eliminate the possibility of negotiating these costs between buyer and seller as in a traditional sale.

An appraisal is one of the most important points in any home sale. iBuyers do their own appraisals, saving you that cost and claiming it eliminates the risk of a low appraisal. In most cases however, the iBuyer appraisal is already under market value. So what's the monetary difference between an iBuyer and a traditional sale? Lorraine presented a chart showing on average the difference in a seller's costs between an iBuyer sale and a traditional sale.\* The bottom line is that a sale through an iBuyer will net you 12% and 16% less money in your pocket than a traditional real estate sale.

\*Analysis provided by Cromford Reports

*"You would think technology would bring down costs, not increase them.*

*These are INVESTORS, not traditional buyers.*

*They 'flip' your home so they have to buy it way below value by offering a lower price and higher fees."*

*~Lorraine Ryall~*

	Zillow	Open Door	Offerpad	Traditional
Sale Price	\$381,500	\$374,200	\$359,017	\$420,000
Fees	\$34,700	\$33,678	\$26,926	
Commission				\$25,200
Net to Seller	\$346,800	\$340,522	\$332,091	\$394,800
Difference versus a Traditional Sale	(\$48,000) -12%	(\$54,278) -14%	(\$62,709) -16%	Money you are giving away!

### On Average what you give away....

<b>Selling Price Offered for Your Home</b>	Average 5-7% <b>LESS</b> in offer price
<b>Additional Fees Charged You</b>	Average 7 -9% <b>HIGHER</b> fees
<b>Average Higher Repair Costs</b>	\$1000 - \$10,000 <b>MORE</b> in est. repair costs
<b>Total AVG. OUT OF YOUR POCKET</b>	<b>12%-16% LESS</b> than a Traditional Sale

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## MARKET UPDATE FOR MESA

Lorraine ended her presentation with the following 2017 - 2018 home sale comparison information specific to the Mesa area:

- New home sales are up 6.6% from December 2017
- The July 2018 median sales price was up 10% over July 2017
- The Jan 2019 median sales price was up 7.4% over Jan 2018
- Supply of homes for sale is still low at only 2.4 months of inventory available
- Demand is still higher than supply, so we are still in a seller's market
- The best time of year to list a family home is in the Spring
- Those buying second homes usually buy between October and March

If you would like any additional information regarding home sales, contact Lorraine Ryall at (602) 571-6799, send her an email at [Lorraine@Homes2SellAZ.com](mailto:Lorraine@Homes2SellAZ.com), or visit her website at [Homes2SellAZ.com](http://Homes2SellAZ.com).

## Upcoming Meetings

RECOM Membership Meetings are held on the THIRD WEDNESDAY of the month and begin at 10:00AM in the Community Room of the Mesa Fire Station on the northwest corner of Mesa Drive and 1st Street in Mesa unless otherwise noted.



**FEBRUARY 20** - Deanna Villanueva-Saucedo, a longtime Mesa resident, 2017 Mesa Citizen of the Year, and Director of Community Education at Maricopa Community Colleges, will be the guest speaker. Her topic will be: **Education in Arizona Today: New Initiatives, What's Happening in Mesa and Hot Issues in Education.**

**MARCH 20** - This year's annual spring event is at the Windemere Hotel & Conference Center, 5750 E Main St, Mesa, AZ. The topic this year is **Exploring New Opportunities.** Complete details on page 1 of this newsletter



**APRIL 17** - It's Springtime and time to start your garden. Our speaker will be a Master Gardener, who will be ready and able to get you started and answer all your questions.



# Deferred Compensation

Mary Dellai, RECOM's representative on the Deferred Compensation Committee, has reported the following from the February 4 quarterly meeting. All information was provided to the Committee by Innovest, the independent provider of investment-related consulting services to the City of Mesa regarding the Deferred Compensation Plan.

Innovest's Long-term Outlook:

- Slowing global growth, diverging global monetary policy, and trade policy interject uncertainty.
- Equities are reasonably priced, but we are late in an economic cycle.
- Modestly higher bond yields point to better fixed-income returns.
- The most effective investment strategies:
  - Periodically confirm investment objectives and risk tolerance
  - Remain diversified and focused on the long term
  - Market timing is an exercise in futility
  - Employ rebalancing techniques

Innovest's View - Global Economics: Global growth slowing:

- Markets expect tighter monetary policy and somewhat higher global central bank rates, which have historically led to slower economic growth.
- The unwinding of quantitative easing by the central banks adds uncertainty for the global economy.

No changes were recommended to the City of Mesa model portfolios or percentages within each portfolio. The current percentages and mix balance expected return without incurring additional risk.

Discussion regarding fee leveling - currently the City of Mesa uses revenue sharing from funds to pay for Defined Contribution Plan Costs:

- Investment Management Fees,
- Plan Administration, Recordkeeping and Education,
- Innovest Consulting, Plan Advice Expenses and
- Fiduciary Insurance.

However, under revenue sharing, Plan participants may not share equally in the cost of the Plan. Those with higher balances and those using higher revenue sharing funds can be more highly impacted. A discussion resulted regarding moving to an explicit fee-based plan, which would make fees more equitable, irrespective of the investments a participant selects. Fees are more transparent, as they are clearly reported on participant statements as a separate line item deduction. There will be more information and discussion at the next meeting in May.

# Announcements



**RECOM Membership Meetings** are held on the **THIRD WEDNESDAY** of the month and begin at 10:00AM in the Community Room of the Mesa Fire Station, on the northwest corner of Mesa Drive and 1st St. in Mesa unless otherwise noted.

**The Membership Drive** will be starting soon. Retired employees, employees within one year of retirement eligibility, deferred retirees, disability/medical retirees, and spouses/partners are eligible for membership. If you renew your membership by paying your dues on or before May 31, your name will be placed in a drawing to win a \$50 gift card of your choice. The drawing will be held at the June 19 Membership Meeting, and you do not have to be present to win.

**Election of the RECOM Board Members** will be held at the April 17 Membership Meeting. If you are interested in serving on the Board, please contact Kit Kelly at [info@recomaz.org](mailto:info@recomaz.org) for more information.

**The Fall Benefits Meeting** is scheduled to be held on October 16, so save that date.



Remember to "Like" the Retired Employees City of Mesa-RECOM page. Follow and share with your friends.



*Barbara Raisanen won a \$25 Ace Hardware Gift Card*



**You're  
A  
Winner**

**January Meeting Door  
Prize Winners**



*Terry Casey won a \$25 Bed, Bath & Beyond Gift Card*

# Employee Benefits Task Force

REPRESENTATIVE REPORT by Bill EVERSON

Report on the January 15, 2019 meeting:

The only topic discussed at the meeting that affected RECOM members was dependent eligibility.

**Dependent Eligibility:** Members who list dependents on their medical insurance that do not qualify may incur costs to repay the City for services. Members have 31 days to advise the City of changes in dependent status, which include marriage, new children (birth, adoption, foster child), divorce, an aged out child (child over the age of 26) and committed partner. The City may opt to conduct an independent audit to verify the status of dependents.

### Contacts for Assistance with Benefit Questions:

Bill Everson: [FOP9AZ@cox.net](mailto:FOP9AZ@cox.net)

For immediate help, call the Benefits Department at 480-644-2299; if you can wait a day or two, email them at: [benefits.info@mesaaz.gov](mailto:benefits.info@mesaaz.gov).

## Remembering

Retired Mesa PD Records Clerk **Doris Benton** passed away on January 4, 2019. Doris worked at Mesa PD for ten years and retired in 2003. Doris had been married to Robert Benton, who retired from Mesa PD in 2001 and passed away in 2013. The link to the funeral home obituary and guestbook is:

<http://www.berryhillfh.com/obituary/doris-benton>

Retired Mesa PD Lieutenant **Patrick (Pat) Hinshaw** passed away on January 13, 2019. Pat served with Mesa PD for 24 years and retired in 1984. The link to his obituary and guestbook is:

<https://www.legacy.com/obituaries/azcentral/obituary.aspx?n=patrick-richard-edmund-hinshaw&pid=191276938&fhid=2376>

