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National Association of Retired Sears Employees, Inc.

# STRAIGHT TALK

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Fall, 2010

Representing the interests of all Sears Retirees nationwide. Dedicated to the preservation and protection of their retirement benefits.

## HOW TO FIX THE HOUSE AND THE SENATE

You may recall that in our Winter 2010 issue of *Straight Talk*, we proposed leveling the playing field with the following amendment to the United States Constitution:

*“Congress shall make no law that applies to any citizen of the United States that does not apply equally to all U.S. Senators and Representatives, and Congress shall make no law that applies to any U.S. Senator or Representative that does not apply equally to all citizens of the United States. All existing laws and regulations that do not meet these criteria shall be declared null and void.”*

The vast majority of our members who responded to this constitutional proposal were in favor of such an amendment.

The November elections are just around the corner and in addition to the above, real term limits for our U.S. senators and representatives are needed now more than ever before! Our nation’s founding fathers strongly believed in rotation in office. They only left term limits out of the Constitution because they did not foresee that politics would become a career for so many people. Short-term limits would remedy that mistake. Nothing is more important today than reversing the pernicious rise of a professional political class.

### Recent History

Reformers during the early 1990s put congressional term limits on the ballot in 24 states. Voters in eight of these states approved the congressional term limits by an average electoral margin of two to one. However, in *United States Term Limits v. Thornton*, 514 U.S. 779 (1995), the court ruled that states couldn’t impose term limits upon federal representatives or senators.

Term limits at the federal level are restricted to the executive branch (the Twenty-Second amendment states that “no person shall be elected to the office of President more than twice ...”), and some agencies. Judicial appointments at the federal level are made for life and are not subject to election or term limits.



The United States Congress remains without electoral limits. This can only be changed whenever two-thirds of both Houses of Congress deem it necessary and propose an Amendment to the Constitution. Then the Amendment is submitted to the states.

A proposed amendment then becomes part of the Constitution as soon as it is ratified by three-fourths of the States (38 of 50 states).

*Continued on page 2*

### This issue of **STRAIGHT TALK:**

<i>Fixing Congress</i>	p. 1
<i>Stimulus Package Not Working</i>	p. 4
<i>Sears History Tales</i>	p. 5
<i>More Sears Memories</i>	p. 6
<i>Social Security History Lesson</i>	p. 6
<i>Great Democratic Orators</i>	p. 7
<i>ObamaCare Guts Medicare</i>	p. 7
<i>Sears Reinvents</i>	p. 8
<i>Sears Advisory Council</i>	p. 9
<i>More Taxes Are Coming</i>	p. 10
<i>Elect to Renew!</i>	p. 11
<i>Mr. Roebuck’s Underwear</i>	p. 12

The Independent National Voice of Local Sears Retiree Clubs and Sears Retirees Everywhere

Fix Continued from page 1

### **Tenure Corrupts**

Paraphrasing Lord Acton: Tenure corrupts; absolute tenure corrupts absolutely. Without implying that every person who has held a particular electoral job for a long time becomes some kind of bad person, Lord Acton's famous remark has a strong connection with reality, commonsense and term limits.

For example, doesn't it agree with your commonsense, and actual experience, that long-tenured individuals generally, if not always, become a little jaded, indifferent, cynical and arrogant regarding the duties, responsibilities and objectives of their job after they've occupied it for a long time?

That's what is meant by "corrupt" in connection with term limits. They no longer think in terms of the **right thing to do** but rather the actions that **will get them reelected** regardless of the general interest.

By contrast, a person in private industry must constantly strive to do the best he can for his employer in order to hold on to his job, or to earn raises in pay or to advance to a better job.

An elected politician, on the other hand, needs only to stay "acceptable" to his mostly indifferent constituents, maintain a suitable reelection fund (provided by special interests) and make it difficult for challengers to get on the ballot to run against him.

In the absence of an overriding issue, too many voters routinely vote for an **unobjectionable** incumbent, and/or **name recognition**, allowing him/her to get reelected again, and again and again. That's why we need a mechanical end to never-ending reelections.

That's the fundamental reason we need Congressional term limits.

### **Tenure corrupts!**

#### **Not A Career**

Real term limits would end politics as a career, would eliminate today's bias toward advocates of government intervention and would create the long-lost ideal of citizen legislators.

Today, careerists remain dominant among our elected officials, and enthusiasts of government intervention still dominate policymaking. Incumbents continue to win most elections, and most Americans continue to prefer civic abandonment to civic involvement.

Unfortunately, representative government still reflects the interests, not of the public, but of a distinct, career-minded ruling class: legislators, bureaucrats, media elites and like-minded interest groups. This will only change with term limits, the shorter the better.

While there is a standard litany of arguments against term limits, term limits will actually increase voter choice by making elections more competitive and encouraging more candidates to run. Also, by encouraging greater legislative turnover, term limits would help to reduce the permanence of both personal and committee staffs.

What lobbyists and interest groups fear the most is a continuing influx of freshmen, which neither knows nor cares to learn the rigged rules of the game, and the constant leadership turnover that will result. The future should belong to those who deal in substance, as opposed to those who deal in relationships.

With term limits, what about the concern of lost legislative exper-

tise? The president and his staff have been effectively term limited for almost 60 years, and yet the country has survived. Why should Congress be any different? The knowledge and experience of people who have spent 20-30 years in the real world, **outside of Washington, DC**, is every bit as valuable, perhaps more so, than that of a career politician who never earned a dime outside of government.

Let's remember that most of our current problems come from knowledgeable politicians kowtowing to well-heeled interest groups. As early American congressman John Taylor observed, "*More talent is lost by long continuance in office than by rotation because ability is 'stimulated by the prospect of future employment and smothered by the monopoly of experience.'*"

Our long-term elected officials tend to become bigger spenders and stronger supporters of the status quo the longer they serve. It should come as no surprise, then, that Congress has become so backward, corrupt and vacuous.

#### **Seniority**

Unlimited terms create a need in the legislature for a seniority system, in which mediocre politicians thrive. If they can be reelected a few times, thereby earning the "right" (by seniority, not by merit) to serve in important committees and chairmanships, they cement their chances of being reelected continuously, not because they deserve it, but only because of the power they wield and the media exposure they receive, enhancing their name recognition.

*Continued on page 3*

**Fix** *Continued from page 2*

Seniority systems now in place in Congress discourage truly talented individuals from running for office, because even though they can win, they know they will have to wait years before they will get any recognition for their bills or a seat on a good committee (much less a chairmanship!). With term limits in force, **all** legislators will be relatively new arrivals, and, therefore, seniority will be meaningless. Merit will become the selection method of choice.

After a few years of term limits, both voters and politicians will recognize that the legislature is made up of **real people**, not just those “*lousy career politicians*,” and the quality of legislation by a “citizen Congress” will begin to change for the better. It may not be perfect, but it will certainly be better than what we have today.

Elective office should not be a livelihood or career job. An incumbent who fears for his job cannot vote honestly for the good of his constituents or the country.

### **Bring in the New!**

With term limitations, a substantial number of these new legislators will be ordinary people who do not intend to make a life in politics, but who want to improve the system. These people will be the source of truly new thinking and far more likely to vote on principle, considering the right thing to do and what is best for the country rather than trading votes with other legislators or special interests (“If you vote for my pork, I’ll vote for your pork”).

The large number of new legislators will introduce a breath of fresh air into the halls of Congress, in which the old habits of the legions of Con-

gressional staff and department bureaucrats will face considerable skepticism and questioning about “*This is the way we’ve always done it!*” Common sense will get new life in legislation.

Contrary to the claims of opponents, the new blood in Congress will not be influenced by the old staffs (many of whom will be replaced). Neither will they lean on, or be led by, bureaucracies or lobbyists. More likely they will be offended and put off by the arrogance of those groups.

The breaking of the cozy connections between long-tenured politicians and their various special interests and lobbying organizations will force those interests to try to reconnect with a new breed of legislator, who is not a career politician but one who thinks differently and more often with common sense and integrity and is less often concerned with reelection.

Restricting congressional terms would create more competitive elections and increase the diversity of the backgrounds of those elected. Equally important would be short-circuiting the statist acculturation that accompanies political careerism.

We need to elect people who are subject to the same rules as the rest of us. Members of Congress who knew they would have to go back to a real job in a few years might be more cautious. As George Will has written, “*Term limits would increase the likelihood that people who come to Congress would anticipate returning to careers in the private sector and therefore would, as they legislate, think about what it is like to live under the laws they make.*”

Serving in Congress is an honor, not a career. The Founding Fathers

envisioned citizen legislators serve their term(s), then go home and back to work. Term Limits will bring a fresh crop of new challengers and issues, which will make voter participation in elections surge to new heights once voters realize that the “bums” are gone.

### **Where Does Congress Stand?**

Does your Congressional candidate support term limits? Ask! With Congressional approval ratings at historic lows, support for term limits at all-time highs and tea parties in the streets holding term limits signs, it seems like there is no better time to press for Congressional term limits.

For the first time since the era of the Contract with America, there is a popular U.S. Senator, Jim DeMint of South Carolina, sponsoring a term limit amendment. He has attracted only three senate sponsors so far and two of those are leaving the Senate. But several potential new ones are currently campaigning for a Senate seat using term limits as a leading campaign theme.

Start with **Kentucky**. There, Senate candidate Rand Paul—winner of the Republican primary—has pledged to make term limits his number-one issue if elected. “Term limits is the preeminent issue of our campaign,” he said. “I will travel to Frankfort and other legislatures to try to get them to act on this issue so we have both Congress and the state legislatures working on it. I will do my best to convince our presidential candidate on the GOP side to adopt the issue as well.”

Another Senate hopeful—also leading in a Republican primary—is

*Continued on page 4*

—STRAIGHT TALK Fall, 2010—

**Fix** Continued from page 3

**Florida's** Marco Rubio. But he is so far ducking the question of whether he will actually cosponsor the DeMint bill or just likes talking about it.

Other term-limits advocates include Republican Stephen Fincher, a leading candidate to succeed retiring Representative John Tanner (D-TN) and Democrat Iraq War veteran Tommy Sowers, a long-shot candidate against Representative Jo Ann Emerson (R-MO).

All voters should ask their Congressional candidates where they stand on Senator Jim DeMint's amendment to limit senators to two terms and representatives to three terms in office.

#### **What Can You Do?**

"Voters are tired of professional politicians opening the barnyard door for special interests to feed at the stimulus trough—and equally tired of those incumbents spending half-a-century doing it," according to David Bass writing in an *American Spectator* article.

In *Bloomberg News*, Caroline Braun suggests that despite the reluctance of congressmen to term-limit themselves, a public that persists in demanding congressional term limits might well find a way to impose them.

Braun wrote, "The public is mad as hell at Washington: at the corruption, the underhanded deals, the earmarks, the sense of entitlement that comes with lifetime employment. If we don't want to take it anymore, we can do something about it .... With public approval of Congress at an all-time low and support for term limits at an all-time high, it's time to seize the day

... **Contact your senator or representative and tell him your vote is contingent on his support for term limits."**

In addition to the above, since term limits are not yet a ratified constitutional amendment, it is up to you, as a voter to exercise your right to implement term limits for your "career" federal representatives and senators when you go to the ballot box next month.

Only by this unique voter approach will we have an influx into Congress of a great many fresh, ordinary Americans as legislators with

the native intelligence and the basic common sense we have in our country, who will be more than a match to face down the arrogant, entrenched staffs and other bureaucracies and lobbies currently existing in Washington.

EDITOR'S NOTE: *This article was assembled from numerous sources, including writings of Philip Blumel, president of the U.S. Term Limits Foundation; and an earlier policy analysis, still valid today, by Doug Bandow, who was a senior fellow of the Cato Institute, who authored "Real Term Limits: Now More Than Ever."*

## **Twelve Strong Indicators the Economy Hasn't Responded to the Stimulus Package Recovery Approach**

The economy is so bad that I got a pre-declined credit card in the mail.

I ordered a burger at McDonald's and the kid behind the counter asked, "Can you afford fries with that?"

CEOs are now playing miniature golf.

If the bank returns your check marked "Insufficient Funds," you call them and ask if they meant you or them.

Hot Wheels and Matchbox stocks are trading higher than GM.

McDonald's is selling the ¼ ounce.

Parents in Beverly Hills fired their nannies and had to learn their children's names.

A truckload of Americans was caught sneaking into Mexico.

Dick Cheney took his stockbroker hunting.

Motel Six won't leave the light on anymore.

Exxon-Mobil laid off 25 Congressmen.

Congress says they are looking into this Bernard Madoff scandal. Oh Great!! The guy who made \$50 billion disappear is being investigated by the people who made \$1.5 trillion disappear!

# More Interesting Tales from the History of Sears!

By Robert R. Thompson

In the Summer 2010 issue of *Straight Talk*, we disclosed the origins of a number of famous Sears trademarks, including Craftsman, Dunlap, Homart, J.C. Higgins and Lady Kenmore. During my career at Sears, there were many memorable moments, some of which were quite humorous. Set forth below are a few of these comedic “moments.”

## **FBI**

In 1956, General Electric came out with a new automatic washer that had a filter shaped like a perforated pie pan that sat over the top of the agitator and as the water circulated, it would trap bits of lint. The Department 626 buyer and his source were challenged with the responsibility of improving upon this idea, which at the time was a good sales tool even if the filter was inconvenient to remove to load and unload the washer.

In 1957 Sears introduced the washer with a built-in filter that plugged into the top frame of the washer, and the water was circulated through it but was out of the way and no hindrance to loading or unloading.

To promote this dramatic feature a bright red button pin with the letters FBI printed on it was made available to our salespeople. We had the only washer with the **FBI—Filter Built In**. Everybody in the department and on the sales floor loved wearing these buttons. However, in two weeks two agents from the Federal Bureau of Investigation paid us a visit about these buttons!

They informed us of a statute that stated only J. Edgar Hoover could approve any use of the letters “FBI,”

and Director Hoover was not approving our use of these buttons. We had to cease and desist immediately! However, the agents were very understanding and suggested that we could quickly rectify the problem if we added the words “Filter Built In” on the buttons.

We were also told that there was a fine of \$10,000 and a year in jail for the unauthorized use of “FBI.” The national manager of D/626 said that our company could afford the fine, but who would go to jail? The national advertising manager was contacted who had initially secured approval of the term, albeit from someone in Washington who was not aware of the statute.

It so happened that the advertising manager had a short butch haircut. The federal agents looked at him and said, “We won’t even have to give you a haircut!” No one went to jail and we didn’t pay a fine.

## **Remember Dick Borne?**

One of the most entertaining sales managers in headquarters was Dick Borne of D/622. At the same time that D/626 was showing its new washer with the filter built in and everyone was wearing the FBI buttons, Dick’s stage crew was getting its one-of-a-kind prototype classic one-piece vertical range with the oven above the burners on display.

As this prototype was wheeled into position on the stage, it slid away from the movers and fell three feet over the edge of the stage with a resounding crash. And it lay there, broken into many pieces.

On hearing the crash, Dick rushed on to the stage and looking down on

what was to be his exciting, new product exclaimed, “*Hell, Department 626 isn’t the only one with a FBI. We have one too. There it is, Flimsy, Busted, and In pieces!*” And it was!!

## **What’s in the Oven?**

Dick always liked his audience to laugh at his stories, but when they laughed and he didn’t know why, he was visibly upset. At one of the territorial meetings, Dick was presenting D/622’s new line of gas and electric ranges. One of the ranges included, for the very first time, a see-through glass door on the oven. Very common today, but not then.

At every meeting, showing off this range with a see-through glass door on the oven was the highlight of Dick’s presentation. However, at one of these meetings, a backstage friend got the idea of putting a live chicken in the oven.

Dick started his introductory commentary and in his usual manner of parading back and forth across the stage; the chicken was watching him through the glass oven window, moving his head back and forth. Dick did not see the chicken antics but the audience could and they began to howl in laughter.

Poor Dick could not understand why everyone was laughing at him and he finally stopped and in frustration said, “*I haven’t said anything funny. Why the hell are you laughing?*” He soon discovered why, and the show went on.

## **Brassieres**

And what about the department head who had a sales manager with

*Continued on page 6*

—STRAIGHT TALK Fall, 2010—

Tales *Continued from page 5*

a tremendous sense of humor. This sales manager called his boss and said he was over at the employee catalog sales room and they had a terrific price on black brassieres.

The natural response from a man getting ready for Yom Kippur was what do I want with black brassieres? The sales manager replied, "You can buy 100 of them, cut them in half, and you would have 200 yarmulkes with chin straps!"

## More Sears Memories

By Ernie Arms

Product safety was a serious matter for Sears dating back to the creation of its product development and testing laboratory in 1911. Sears took the lead in recalling products when a problem presented a hazard, even before the Consumer Product Safety Commission was established. In fact, the head of Sears lab was appointed to a congressional commission which led to the Consumer Product Safety Act.

One of the strangest cases, in 1968, was the recall of novelty costume jewelry pins decorated with jequirity beans. Really.

The jequirity bean story started with a federal research plant expert who spotted the pins in a Sears store in Maryland. He wrote to us saying the jequirity beans were highly poisonous, and our company immediately removed the pins from sale.

Working with the Food and Drug Administration, we prepared a news release and advertising with photos of the deadly beans, and made the announcement which received wide coverage. Later, there were

# History Lesson about Your Social Security Card

With the November elections just around the corner, here are some interesting facts to keep in mind.

Franklin Roosevelt, a Democrat, introduced the Social Security (FICA) Program. He promised:

1. That participation in the program would be completely voluntary. **No longer Voluntary.**
2. That the participants would only have to pay 1% of the first \$1,400 of their annual incomes into the program. **Now 7.65% on the first \$90,000.**
3. That the money the participants elected to put into the program would be deductible from their income for tax purposes each year. **No longer tax deductible.**
4. That the annuity payments to the retirees would never be taxed as income. **Under Clinton and Gore up to 85% of your Social Security can be taxed.**

Since many of us have paid into FICA for years and are now receiv-

ing a Social Security check every month—and then finding that we are getting taxed on 85% of the money we paid to the federal government to “put away”—you may be interested in the following historical facts:

**Q: Which political party took Social Security from the independent “trust fund” and put it into the general fund so that Congress could spend it?**

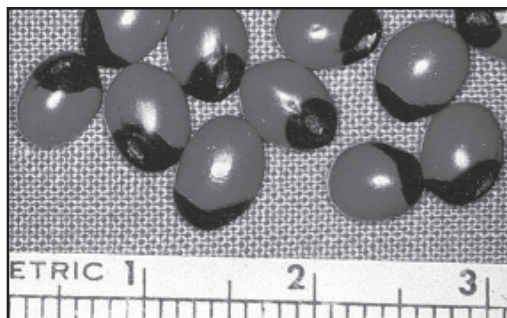
A: It was Lyndon Johnson and the democratically controlled House and Senate.

**Q: Which political party eliminated the income tax deduction for Social Security (FICA) withholding?**

A: The Democratic Party.

**Q: Which political party started taxing Social Security annuities?**

A: The Democratic Party, with Al Gore casting the ‘tie-breaking’ deciding vote as president of the Senate, while he was vice president of the United States.



child had swallowed some beans and was rushed to a hospital because he saw our announcement. We hadn't sold that product, but he recognized the jequirity bean, which was purchased elsewhere.

several surprising developments. We got calls from some people who still wanted to buy them as souvenirs (no, we wouldn't sell them).

One news report from a state trooper in Michigan said our announcement had saved a child's life. The

Sears was praised by federal officials for its action. And the final irony was the discovery that the jequirity beans were fairly common on all sorts of products, including some sold in gift shops and national parks.

—STRAIGHT TALK Fall, 2010—

# Great Democratic Orators of Our Political Past

In keeping with our election issue, and since we now have a Democratic president and Congress, let's reflect on some of the more memorable comments coming from Democratic politicians of the past.

*"One man with courage makes a majority."*

—ANDREW JACKSON

*"The only thing we have to fear is fear itself."*

—FRANKLIN D. ROOSEVELT

*"The buck stops here."*

—HARRY S TRUMAN

*"Ask not what your country can do for you;  
ask what you can do for your country."*

—JOHN F. KENNEDY

## **And, from today's politicians**

The only thing we have to fear today is what is coming out of the lips of today's orators.

*"It depends what your definition of 'Sex' is?"*

—BILL CLINTON

*"Those rumors are false .... I believe in the sanctity of marriage."*

—JOHN EDWARDS

*"I invented the Internet."*

—AL GORE

*"The next person that tells me I'm not religious,  
I'm going to shove my rosary beads up their a\*s."*

—VICE PRESIDENT JOSEPH BIDEN

*"America is ... is no longer, uh, what it ... it, uh, could be,  
uh, what it was once was ... uh, and I say to myself,  
'uh, I don't want that future, uh, uh for my children.'"*

—PRESIDENT BARACK OBAMA

*"I have campaigned in all 57 states."*

—BARACK OBAMA (Quoted 2008)

*"You don't need God anymore, you have us Democrats."*

—NANCY PELOSI (Quoted 2006)

*"Paying taxes is voluntary."*

—SENATOR HARRY REID

*"We just have to pass the Healthcare Bill to see what's in it."*

—NANCY PELOSI (Quoted March, 2010)

*"Life's tough ... it's even tougher if you're stupid."*

—John Wayne

Opinion—The Wall Street Journal—  
September 9, 2010

## How ObamaCare Guts Medicare

**The president's pledge that**

**'If you like your health plan, you will be able to keep it'  
clearly does not apply to America's seniors.**

By Peter Ferrara & Larry Hunter

The Democratic Senatorial Campaign Committee has attacked Senate Republican candidates for wanting "to end Medicare as we know it." And in Nevada's hotly contested Senate race, Majority Leader Harry Reid is attacking Republican Sharron Angle, saying she wants to "gut" Medicare. But Mr. Reid has already gutted it. He and his colleagues did so by passing ObamaCare.

In his analysis accompanying the recently released Annual Report of the Medicare Board of Trustees, Richard Foster, Medicare's chief actuary, noted that Medicare payment rates for doctors and hospitals serving seniors will be cut by 30% over the next three years. Under the policies of the Patient Protection and Affordable Care Act, by 2019 Medicare payment rates will be lower than under Medicaid. Mr. Foster notes that by the end of the 75-year projection period in the Annual Medicare Trustees Report, Medicare payment rates will be one-third of what will be paid by private insurance, and only half of what is paid by Medicaid.

Altogether, ObamaCare cuts \$818 billion from Medicare Part A (hospital insurance) from 2014–2023, the first 10 years of its full implementation, and \$3.2 trillion over the first 20 years, 2014–2033. Adding in ObamaCare cuts for Medicare Part B (physicians fees and other services) brings the total cut to \$1.05 trillion over the first 10 years and \$4.95 trillion over the first 20 years.

These draconian cuts in Medicare payments to doctors, hospitals and other health-care providers that serve America's seniors were the basis for the Congressional Budget Office's official "score"—repeatedly cited by the president—that the health-reform legislation would actually reduce the federal deficit. But Mr. Obama never disclosed how that deficit reduction would actually be achieved.

**There will be additional cuts under ObamaCare to**

*Continued on page 8*

—STRAIGHT TALK Fall, 2010—

## Sears Reinvents, Aims to Bounce Back

Sears lost about \$40 million in its latest quarter. So the retailer is counting on a reinvention plan to help it come back. In the late 1800s, the retailer revolutionized shopping with its legendary mail-order catalog. Now, as Jay Field reports, it's trying to reclaim that reputation for innovation ...

The company that operates Sears and K-Mart said it lost about \$40 million in its latest quarter. That's a smaller loss than this time last year, but reaffirms how consumers have cut back on spending. That loss confirms that Sears could use a little reinvention, as reporter Jay Field explains.

**JAY FIELD:** The centerpiece of Sears' reinvention plan is an online service called mygofer. At first glance, it's pretty standard stuff. Users can browse the millions of products carried by Sears and subsidiaries like K-Mart. Things get a little more interesting when customers actually decide to buy something. Here's sales manager Mike Simpson, pitching mygofer to shoppers at a K-Mart in Chicago.

**MIKE SIMPSON:** You pick everything you want. You pay for it online. And I'll have it ready within two hours for you at customer service.

The goal is to appeal to customers who are eager to shop on the web but don't want to wait for stuff to come in the mail. Right now, mygofer lets shoppers in Chicago, Boston, New York and Washington D.C., buy online and pick up their items at the closest Sears or K-Mart. They can also have their order delivered. And if they want something else, say some groceries, and can't find them on the site, mygofer will send sales reps like Mike Simpson to the nearest supermarket to fill the order.

Shopper Laurence Tribble, standing next to Simpson, likes that idea.

**LAURENCE TRIBBLE:** Yeah, I sure don't like to shop.

**SIMPSON:** See!

**TRIBBLE:** You're right about that.

**SIMPSON:** So why put you in pain when I can do it for you? I'd be happy

to do it for you. I love to shop! I know it sounds crazy, but I love to shop!

Executives at Sears have to hope that Simpson's enthusiasm is contagious. The retailer has a lot riding on mygofer. Three years ago, the company's stock traded at nearly \$200 a share. But since then, Sears has seen its in-store sales and overall profitability steadily decline.

Lauren Freedman, who runs the e-tailing group in Chicago, applauds the mygofer strategy, but says it may not be enough to solve the company's bigger problems.

**LAUREN FREEDMAN:** Perception-wise, part of the problem for Sears is it's not the first place people think when they want to go shopping. And particularly for the younger audience.

Sears says that perception is already changing. And the company is pushing ahead with an expansion of mygofer after getting positive customer feedback. By November, the service will be operating in more than 600 stores ....

**ObamaCare** *Continued from page 7*

**Medicare Advantage, the private option to Medicare that close to one-fourth of all seniors have chosen for their coverage under the program because it gives them a better deal. Mr. Foster estimates that 50% of all seniors with Medicare Advantage will lose their plan because of these cuts. Mr. Obama's pledge that "If you like your health plan, you will be able to keep it" clearly does not apply to America's seniors.**

Moreover, there will be additional cuts to Medicare adopted by bureaucrats at the Medicare Independent Payment Advisory Board. ObamaCare empowers this board to close Medicare financing gaps by adopting further Medicare cuts that would become effective without any congressional action. Mr. Foster reports that "The secretary of HHS is required to implement the

board's recommendations unless the statutory process is overridden by new legislation."

The drastic reductions in Medicare reimbursements under ObamaCare will create havoc and chaos in health care for seniors. Many doctors, surgeons and specialists providing critical care to the elderly—such as surgery for hip and knee replacements, sophisticated diagnostics through MRIs and CT scans, and even treatment for cancer and heart disease—will cease serving Medicare patients. If the government is not going to pay, then seniors are not going to get the health services, treatment and care they expect.

Mr. Foster reports that two-thirds of hospitals already

*Continued on page 9*

# Sears Retiree Advisory Council Update

Sears Holdings hosted a conference call on July 28, 2010 with its Sears Retiree Advisory Council (SRAC). As background, the council is made up of 18 Sears Retiree Club presidents across the country. It was formed back in 2001 by then Chairman Alan Lacy.

When Lacy first met with the retiree club presidents, he assured the group that the formation of SRAC was not an attempt to circumvent N.A.R.S.E. In fact, he acknowledged the N.A.R.S.E. leadership and said he would meet with them to further discuss their concerns.

However, Lacy's tune changed at the Sears 2002 Annual Meeting when he was asked: "Mr. Chairman, do you support your staff working with experienced individuals from N.A.R.S.E. to review the Sears Health Benefit cost problem in an effort to find an affordable solution?"

Lacy's response was: "Sears does not recognize N.A.R.S.E. Sears will work with the advisory council as it represents a broader spectrum of interests and more retirees."

The actual facts, as disclosed in past issues of *Straight Talk*, show that Lacy was grossly misinformed about SRAC representing a broader spectrum of interests and more retirees than N.A.R.S.E.

N.A.R.S.E. maintains a close working relationship with the members of

SRAC. Both groups want to protect the benefits of our retirees. However, in recent years N.A.R.S.E. is also keeping tabs on what the "feds" are doing to Social Security benefits, taxes, etc.

And finally, Sears Holdings management runs SRAC. N.A.R.S.E. is an INDEPENDENT group operated and supported solely by its retiree membership.

With that background, the following is a summary of the July conference call Sears had with SRAC members:

Stanly Aldis, Sears Headquarters, chaired the meeting. Katie Regan, editor of the Sears Holdings Alumni Newsletter would like Sears club news and retiree ideas for future stories.

All retirees are asked to visit [www.shopyourwayrewards.com](http://www.shopyourwayrewards.com) and sign up. Also retirees are asked to visit [www.MySears.com/retired](http://www.MySears.com/retired) to receive monthly e-newsletters and company wide promotions.

David Conant for the Sears Marketing Team informed the council that 2011 would mark the 125th anniversary of the company. This will be a year-long event starting on January 25, 2011. Sears Holdings are planning to have several anniversary items such as a commemorative pocket watch.

## Medical Plan Changes

Aetna representatives Paul Maher and Tim Maloney informed the

council that **four major changes are coming to the Aetna Retiree Medical plan.**

1. For Aetna, the Private Fee For Service post-65 plan, "PFFS" will be replaced by the Aetna Medicare Advantage PPO plan.
2. Since Aetna will become a PPO provider in 2011, Medical insurance with Aetna must also include one of their prescription plans. If you have a medical supplement plan that is not a PPO, you can still have prescription coverage with Aetna.
3. Donut Hole Coverage Gap: In 2011 if you have no coverage in the donut hole, you will pay 50% of the cost of brand name drugs. If you have coverage in the donut hole, you will only pay 50% of your co pay. You will pay only 93% of the cost of generic drugs in the donut hole for 2011.
4. Beginning in 2011, Aetna will reduce their formulary. A "formulary" is a list of drugs that the plan covers. In addition, brand name medications that have the exact generic alternative medication will not be covered.

The enrollment period for 2011 will be from November 8 to November 19.

## ObamaCare *Continued from page 8*

lose money on Medicare patients. Under ObamaCare it will get much worse. Hospitals also will shut down or stop serving Medicare patients.

The president's concept of spreading the wealth includes sacking the Medicare system, on which America's seniors have come to rely for medical care, in favor of others the president's progressive vision deems more worthy.

Everyone should know by now that Medicare suffers dramatic long-term deficits and unfunded liabilities,

and is in need of fundamental, structural reforms. But effectively refusing to pay the doctors and hospitals that provide the medical care the program promises to seniors is no way to solve that problem.

*Mr. Ferrara is director of entitlement and budget policy at the Institute for Policy Innovation and author of "The ObamaCare Disaster," forthcoming from the Heartland Institute. Mr. Hunter is president of the Social Security Institute.*

## Unless Congress Acts

# **Largest Tax Hikes in American History Are Coming!**

In just several months, the **largest tax hikes in the history of America** will take effect unless Congress acts to extend the Bush tax cuts enacted in 2001 and 2003. These tax cuts are all scheduled to expire on January 1, 2011.

Without Congress's intervention personal income tax rates will rise. The lowest rate will rise from 10 to 15 percent. All the rates in between will also rise. The top income tax rate will rise from 35 to 39.6 percent (this is also the rate at which two-thirds of small business profits are taxed).

There will also be higher taxes on marriage and family. The standard deduction will no longer be doubled for married couples relative to the single level. **The Death Tax is returning!** This year, there is no death tax. For those dying on or after January 1 2011, there is a 55% top death tax rate!

**Higher tax rates on RETIREES, Savers and Investors.** The capital gains tax on investment income will rise from 15 percent this year to 20 percent in 2011. The dividends tax will rise from 15 percent this year to 39.6 percent in 2011. These rates will rise another 3.8 percent in 2013.

According to the August Kiplinger Tax Letter, "several Democrats have said they are leery of raising income tax rates while the economy is weak. The discord in the Democratic ranks means action on the tax cut extensions will be delayed ... possibly until after the elections ... So there's a fair

chance lawmakers will punt and continue the Bush tax cuts for everyone in 2011 ... "

However, the former chair of the Federal Reserve Board, Alan Greenspan, is against extending the tax cuts. He feels that the Bush tax cuts should expire and force middle-income and high-earning Americans to pay higher taxes. But he does support decreased expenditures by the federal government.

### **ObamaCare Taxes**

There are also over 20 new or higher taxes in Obamacare. Several will first go into effect on January 1, 2011. They include: The "Medicine Cabinet Tax." Thanks to Obamacare, Americans will no longer be able to use health savings account (HSA), flexible spending account (FSA), or health reimbursement (HRA) pre-tax dollars to purchase non-prescription, over-the-counter medicines (except insulin).

The "Special Needs Kids Tax" This provision of Obamacare imposes a cap on FSAs of \$2,500. (Currently, there is no federal government limit). There is one group of FSA owners for whom this new cap will be particularly cruel and onerous: parents of special needs children. There are thousands of families with special needs children in the United States and many of them use FSAs to pay for special needs education. Under tax rules, FSA dollars cannot be used to pay for this type of special needs education.

The HSA Withdrawal Tax Hike. This provision of Obamacare increases

the additional tax on non-medical early withdrawals from an HSA from 10 to 20 percent.

### **Other Surprise Taxes!**

When Americans prepare to file their tax returns in January of 2011, they'll be in for a number of nasty surprises. Many **Alternative Minimum Tax (AMT)** relief provisions will have expired. The major items include: AMT will now apply to over 28 million families, up from four million last year. These families will have to pay taxes at the higher level.

**Charitable Contributions** from IRAs will no longer be allowed. Under current law, retired persons with IRAs can contribute up to \$100,000 per year directly to a charity from their IRAs. This contribution also counts toward an annual "required minimum distribution." This ability will no longer be there.

**Now your insurance is INCOME on your W2's**, thanks to the "new and improved" healthcare legislation!

Starting in 2011, your W-2 tax form sent by your employer will be increased to show the value of whatever health insurance your company gives you. You will now be required to pay taxes on a large sum of money that you have never seen.

See what \$15,000 or \$20,000 additional gross does to your tax debt. For many, it will put you in a new higher bracket. **This is how the government is going to buy insurance for the 15% that don't have insurance, and it's only part of the tax increases.**

## Call for Action!

# Elect to Renew Your Membership in N.A.R.S.E. for 2011!!

Thank you for your support that is critical for our continued communication to you. *Straight Talk*, with independent articles and comments, could not be printed and mailed without your support and the support of many others.

In addition to your financial and moral support, the fact that you are a N.A.R.S.E. member is vitally important because when large numbers of people band together in a common cause, this not only attracts attention from the media, but also from our own company.

It was about 14 years ago that N.A.R.S.E. was born as a result of then Chairman Arthur Martinez retroactively taking the life insurance benefit from the retiree population. This was the springboard for the **“Betrayal of Trust”** campaign, which led to a group of retirees filing a federal class action lawsuit against Sears in 1997 alleging, among other things, violating its fiduciary responsibility to retirees.

However, it was clear to all retirees that this battle **WAS NOT WITH SEARS THE COMPANY**, but with Sears then

current management, namely Chairman Martinez

Over the years our organization has provided speakers to local retiree clubs, reunited thousands of retirees with former associates and friends, and kept our membership up to speed as to what is going on at Sears and at the federal level that could impact our benefits, including medical plans, pensions, Medicare changes, Social Security, taxation of Social Security benefits, etc.

N.A.R.S.E. plans to continue to provide independent updates on Sears happenings; to monitor our prom-

remain united not only in spirit due to common goals and long service, but in reality.

Today, N.A.R.S.E. is the oldest, active retiree organization representing one company's retirees. In more recent years, as a result of what is happening with Social Security and ObamaCare, N.A.R.S.E. has been spending more time on informing its members about federal issues and what Congress is doing. In other words, we are not only interested in what Sears is doing with our benefits, but also how our Congressional representatives are impacting our lives.



2004 photo of N.A.R.S.E. officers with former Chairman Arthur M. Wood

ised benefits and forward key concerns and questions to Sears; to work with all Sears retiree clubs, Sears Retiree Advisory Council, and individuals, all in a positive fashion to insure that Sears retirees

Because of our mission, I am asking you to renew your membership in N.A.R.S.E. for 2011. Enclosed is a N.A.R.S.E. Membership/Renewal Application form. If you have already renewed, then please pass the application form to someone you feel could join us in the cause. If you

have any questions or comments, please contact Ronald Olbrysh at [cro922@comcast.net](mailto:cro922@comcast.net).

**We are here to keep you informed.  
We are not going away!**

—STRAIGHT TALK Fall, 2010—

# Let's Hear Your Tale

A big "thank you" to all of you that have already submitted your own personal stories about Sears. We will be publishing more of them in future issues. However, we want to hear about your personal experiences while working at Sears. As we get older these memories and associations become more precious to us. Also, as we get older, these memories begin to fade, and each day we lose a few more of our old friends. So act now and let's relive the "good old days" at Sears. Send your stories to Ron Olbrysh at [cro922@comcast.net](mailto:cro922@comcast.net).

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## "Hey, How Is Mr. Roebuck's Underwear?"

By Dick Cofran

In 1973 I was working in Department 731A, the "Parent" Service Department. We had a person named Forest Ensfield in the department who was responsible for writing bulletins and manuals. Most people knew Forest as "Pinkie." Pinkie had announced his plans to retire after about 40 years of service. I was named to replace him, and in January he spent a lot of time training me.

Pinkie had stories to tell about almost all of the people I only knew of by name. It seemed like he had either worked with them or for them during his career with Sears. One afternoon I was in his office, sitting across from him, when his telephone rang.

When Pinkie answered the call I heard him say, "Hey, how is Mr. Roebuck's underwear?" He talked to the party on the line for a few minutes and then hung up. I looked at him and asked, "What was that all about?"

Pinkie then related the story about how Mr. Roebuck left the company, squandered his money, and then came back into the old personnel office on the first floor of the administration building on Homan and asked for a job. When they realized who he was, they immediately took him to some one higher up, and he was re-hired.

Over the next few years as Sears expanded, Mr. Roebuck, as sort of a historical icon, made heavily-advertised visits to Sears stores across America as late as the early 1940s. He maintained an office in the old administration building, and the party who called Pinkie had been his secretary.

The story I was then told was that the old administration building wasn't air conditioned at that time, and, like many days that we all have experienced in the spring in



*Alvah C. Roebuck*

Chicago, the mornings were often rather cool but then as the day progressed, it warmed up considerably.

On one particular day, Mr. Roebuck apparently walked down the hall to one of the restrooms in the afternoon and

came back with his long underwear rolled up under his arm. His heat problem had been solved!

I guess we missed some of the experiences that some of the people we followed had, but I know I enjoyed my 37 years working for, what was during my time, the greatest retailer in the world.