



# NETWORK

Newsletter of The Retired Employees of San Diego County Since 1961

Vol. 44, No. 4

Honoring Yesterday—Protecting Tomorrow

April 2013

## APRIL GENERAL MEMBERSHIP MEETING

**When:** Tuesday, April 23, 2013

**Time:** Coffee, tea, and light refreshments will be served at 12:30  
Speaker will begin at 1:00 pm

**Place:** Serra Mesa Public Library, 9005 Aero Dr., San Diego, 92123

**Speakers:**

1. Camille Cowlshaw, Chair, San Diego Caucus. (See page 6)
2. Suzanne Evans AIA, County of San Diego, will present an update on the CAC Waterfront Park.



**Directions to Serra Mesa/Kearny Mesa Public Library:** Take I-15 to Aero Dr. west. Drive 1.1 miles on Aero Dr. Library is on the left. There is a large parking lot with ample room.

## PRESIDENT'S MESSAGE

*By Susan Mallett*



The month of April is known for a number of events such as All Fools Day when practical jokes abound, the U.S. Tax Day which seems like a cruel joke to some, and of course professional baseball's Opening Day when hopes for a winning season abound. As April approaches, retirees anticipate news of a cost of living adjustment (COLA). On March 7th, the Board of Retirement announced

the results of the U. S. Bureau of Labor Statistics' analysis of the Consumer Price Index (CPI) change (i.e. inflation rate) for the San Diego Urban area. The change in CPI from 2011 to 2012 was 1.60 % therefore the Board of Retirement approved a 1.5% COLA increase, rounded to the nearest one-half percent for retired members effective April 1, 2013.

Prior to the Board of Retirement vote, our retiree representative on the Board, Skip Murphy, questioned this

fairly low rate of inflation given the higher cost of gasoline and health care in our area but agreed the calculations seemed accurate after he researched further for himself. For all of our interests, I too looked closer at the information available on the U. S. Bureau of Labor Statistic's website. This agency of the federal government collects consumer price data from 4000 households and 26,000 retail/service businesses from selected urban areas across the country on a monthly basis. The average price changes are noted in categories such as food, clothing, housing, energy, transportation, medical/dental/drugs, as well as other day-to-day living expenses. The change in the consumer cost of living is then calculated on the basis of the decrease or increase in cost for each category from one year to the next.

In addition to the 1.5% COLA, many retirees are eligible to receive an additional allowance up to the maximum for their retiree classification as follows; a maximum of 3% for Tier I, Tier II and Tier A, and a maximum of 2% for Tier B and Tier C. In years when the CPI is greater than the maximum percentage; i.e. 3% or 2%, for a particular classification, the excess percentage is banked for distribution in future years when the CPI is less than the maximum 3% or 2%.

**Continued on Page 4**

### April Calendar of Events

- 4—(Thurs.) SDCERA Board of Retirement Meeting**  
2275 Rio Bonito Way, Suite 200, 8:30 a.m.
- 11—(Thurs.) RESDC Board of Directors Meeting**  
7860 Mission Center Ct. Suite 209, 9:30 a.m.
- 15-17—CRCEA Conference, Los Angeles County**
- 18—(Thurs.) SDCERA Board of Retirement Meeting**  
2275 Rio Bonito Way, Suite 200, 8:30 a.m.

### A DEBT BY ANY OTHER NAME

*By Stan Coombs, Benefits Committee Chair*

It may come as a surprise, but our national debt is not the end of our financial obligations, even though it's more than \$16.6 trillion and 101% of the current US Gross Domestic Product (GDP), the national income that provides the wherewithal to pay it off.

One might picture this as a wage earner with a \$100,000 annual income and a \$101,000 long-term mortgage.

But, there's another \$5 trillion the government owes itself, including loans from Social Security, and Medicare trust fund obligations. Still peanuts compared to the total.

Wikipedia points out there are four more US societal debt categories: state and local government debt, household and non-profit debt, financial, and non-financial business debt. And, despite the temptation to assume private sector debtors are more conservative borrowers than spendthrift national politicians, the figures seem to show otherwise.

In 2009, our total societal debt, including all these categories, exceeded \$50 trillion, 350% of the \$14.3 trillion GDP. The federal government portion was about \$8.3 trillion, 16.6% of the total debt, while state and local government debt was \$2.4 trillion, 4.8% of the total. Reported US Government debt totaled \$10.7 trillion and 74.8% of GDP.

Alternatively, private household and non-profit debt was \$13.5 trillion, 27% of the total, financial business debt was \$15 trillion, 30% of the total, and non-financial business was reported to be in debt \$10.9 trillion, 21.8% of the total. Private sector debts therefore totaled \$39.4 trillion, over 275% of GDP.

Helps to put things into perspective!

How did we get here? Writing for The Atlantic's, "Quartz," Matthew Phillips, describes the US Government in 1790 as starting out \$75 million in the red, about 30% of GDP at the time, to Dutch, French and domestic creditors for the Revolutionary War. That was summarily reduced to 10% of GDP, followed by more borrowing to finance the War of 1812. After achieving near debt freedom, federal obligations soared to \$2.76 billion in 1866 due to the Civil War, and after another low 2.7% debt ratio

in 1916, federal obligations reached \$25 billion following WWI.

Then Congress, weary of considering each individual debt sale, granted the Treasury flexibility by setting an overall limit to their borrowing. Sound familiar?

The federal debt rose to \$40 billion, 44% of GDP, during The Great Depression and \$241.8 billion and an all-time high of 113% by the end of WWII, \$2.87 trillion in today's dollars.

Recessions, permanent tax cuts, spending on defense and social programs brought the debt to \$3.6 trillion, about 49% of GDP in mid-1990. Tax increases reduced the debt ratio to 33% by 2001, but more tax cuts, vastly increased military spending, stimulus to bail out the banking industry following the 2008 crash, related business declines and failure to compromise opposing economic ideologies brings us the current, \$16.6 trillion federal debt.

Perhaps most troubling is the continued lack of a coherent plan to pay it off. The International Monetary Fund calls that a "credibility strategy."

But, has business been any more circumspect?

US household and non-profit debt was \$35 billion, 15.8% of GDP in 1946, and rose to \$13.5 trillion, or 94.4% of GDP by 2009. Financial business debt totaled \$3 billion, or 1.35% of GDP in 1946, and rose to \$15 trillion, or 104.9% by 2009. Non-financial business debt totaled \$63.9 billion in 1946, 28.8% of GDP, and rose to \$10.9 trillion, 76.2% of GDP by 2009.

**Continued on Page 4**



**April showers bring May flowers!**

### WELCOME NEW MEMBERS

- |                          |                         |
|--------------------------|-------------------------|
| Estella V. Gaines        | Public Defender         |
| Mary Theresa Marlborough | Superior Court          |
| Charlotte B. Martinez    | Probation               |
| Lynn A. Neal             | Health & Human Services |
| Charmaine J. Oleson      | Aging & Independence    |

**ASSOCIATION OFFICERS**

President.....Susan Mallett  
 1st Vice Pres.....Stan Coombs  
 2nd Vice Pres.....Merrilyn Carpenter  
 Secretary.....Joan Wright  
 Treasurer....Frank Bittner

**ASSOCIATION DIRECTORS**

Carlos Gonzalez, Chris Heiserman  
 Chris Hinshaw, George Lejeck  
 Joe McGuire, Janel Pehau  
 George Shoemaker, Mila Thurber

**EXECUTIVE DIRECTOR**

Denise Price

**OFFICE STAFF**.....Karen Hazel  
 .....Sharon Kay  
 .....Anne Schwartz

**NETWORK EDITOR**...Karen Hazel



San Diego County Credit Union continues to be an active community partner and is proud to support more than 75 non-profit organizations and local events each year. SDCCU® will be returning as the title sponsor of Walk MS, which benefits the local chapter of the National Multiple Sclerosis Society, held Sunday, April 21 at LEGOLAND® in Carlsbad and Saturday, April 27 at NTC Park at Liberty Station. In addition, we will be supporting the San Diego Countywide Spelling Bee and the iVIE Awards Movie Festival.

We couldn't be as involved in the community without your support. Open your account in 15 minutes or less at [sdccu.com](http://sdccu.com). For more information on these events and all of our community involvement, visit [facebook.com/SDCCU](https://facebook.com/SDCCU) or [sdccu.com](http://sdccu.com) and search community.



**Spring is here!**

**IN MEMORIAM**

Sunny Ariessohn	Probation
Klara Baker	Surviving Spouse
Harry Beck	Municipal Court
Mary L. Bergeson	Health & Human Services
Donald H. Canning	District Attorney
Lila Harney	Personnel
Thomas Hughes	Surviving Spouse
Anna H. Jones	Health & Human Services
Marion D. Jones	Health & Human Services
Victoria Larson	Health & Human Services
Stephen M. Kelly*	
Roland W. Lawrence	Surviving Spouse
John R. Manning	Surviving Spouse
P. Jeanne McBride	Public Administration
Ed Miller	District Attorney
Ruby J. Neagles	Sheriff
Bonnie L. Nevill	
Helene Ochsner	Health & Human Services
William R. O'Connell	Health & Human Services
John H. Petersen	Municipal Court
Edith Pittman	Surviving Spouse
Lloyd D. Sanders	Municipal Court
Genevieve M. Sellers	Health & Human Services
Richard M. Shelton	Transportation
Joseph G. Stafford	Health & Human Services
George W. Watson	Probation
Patricia M. Weaver	General Services
Jeffery Westra*	Parks & Recreation
Samuel M. Zolezzi	

**\*Active**

**Gone from our sight, but never our memories.  
 Gone from our touch, but never our hearts.**

The surviving spouse of a member is eligible for RESDC membership. For enrollment assistance, call 619-688-9229.

**MEMBER PRIVACY**

Any retiree or surviving spouse who does not want his/her death notice published in the "In Memoriam" section of this newsletter may notify the RESDC office and your privacy will be maintained.



## From the Executive Director's Desk By Denise Price

Dear Members:

Spring is in the air. The flowers are in bloom, and the economy seems to be brightening with the landscape. But, for some, unrelenting April showers veil that sunny perspective. Financial and personal challenges can be overwhelming.

Sometimes finding someone to *listen* may lead to a brighter day. That is what the Warm Line (1-800-930-9276) has been doing for the last 10 years. Open every day, including weekends, 3:30 - 11:00 p.m., operators offer callers a gentle voice and friendly support. Calls are free of charge, confidential and open to anyone who calls.

If you are in crisis, finding someone to listen is not enough. An unexpected health care diagnosis or passing of a loved one can bring a household budget to the brink of disaster. The San Diego County Employees' Charitable Organization offers crisis funding to active AND retired county employees. The decision to grant funds is based on an applicant's eligibility, need and the underlying circumstances for the lack of resources. For more information, please visit [www.sdcounty.ca.gov/ceco](http://www.sdcounty.ca.gov/ceco).

For those of you unaffected by all these rainy days, hand a friend an umbrella. Reach out, lend an ear and let them know you care. Sometimes, it's just that simple.

Warm regards,

Denise Price  
Executive Director

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## PERS LONG TERM CARE INSURANCE

*By Susan Mallett, President*

Our statewide organization, CRCEA, has asked us to poll our members to ascertain how many retirees may have purchased long term care insurance through the Public Employees Retirement System (PERS). According to PERS' correspondence to its participants, substantial rate increases are anticipated over the next couple of years and could reach or exceed 85% more than current premiums.

In the past, members of '37 Act retirement systems were able to purchase this insurance. CRCEA would like to determine the number of members who may have this insurance coverage so that they can evaluate the impact of such rate increases on CRCEA members. Over the coming months we will provide more information and a plan of action by CRCEA as it develops.

If you have PERS long term care insurance, please inform the RESDC office via email at [resdc@resdc.net](mailto:resdc@resdc.net) or a phone call at (866) 688-9229.

## President's Message (Continued from Page 1)

I hope this is clear enough and not new information for those of you fortunate enough to have such a COLA bank. See the following chart taken from the SDCERA website for details of the actual expected COLA amounts.

### Tier I, Tier II and Tier A members

Retired on or before March 31, 2001	3.00%
April 1, 2001 - March 31, 2002	1.53%
April 1, 2002 - March 31, 2011	1.50%
April 1, 2011 - March 31, 2012	1.53%
April 1, 2012 - March 31, 2013	1.50%

### Tier B and Tier C members

Retired on or before March 31, 2012	2.00%
April 1, 2012 - March 31, 2013	1.50%

In conclusion, here are a few final comments on COLAs. The cost of living allowance is an important part of the 1937 Act Retirement Law and was authorized by our County leaders in the 1970s. A retiree's pension income doesn't increase over the years and as such, a retiree's purchasing power and standard of living can be eroded by inflation. The COLA is an important benefit for retirees in our system and helps to offset the rise in consumer prices due to inflation.

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## A Debt By Any Other Name (Continued from page 2)

Just so familiarity with these huge numbers doesn't lead to complacency, note that this described private debt excludes enormous private obligations arising from exotic investments so difficult to quantify that debt figures are reported as "notional values." The notional value of all derivative contracts, for example, has been estimated at more than \$216 trillion, over 1,300% of GDP, without regard to the other debts listed!

According to Baird, Henderson and Picker at the University of Chicago, no bailout could be large enough if these derivatives go south. And, a National Bureau of Economic Research study of 14 advanced economies over 138 years found excessive private debt seems a much more accurate predictor of financial crises than the amount of public debt.

The question arises, if this is the picture nationwide, what's the relationship and implications of public (retirement?) debt and private debt locally? Or, if heavy borrowing's a sin, who's the greater sinner?

During January 2013, San Diego County retirement plan net assets increased \$159.9 million, increasing fiscal-year-to-date gains to \$706.9 million and total net assets to \$9.2 billion.

## SBA UPDATE

*By Susan Mallett, President*

The Supplemental Benefit Allowance (SBA) is a non-vested benefit distributed to Tier A retirees, those who retired after March 31, 2002. The SBA fund held approximately \$168 million, in early 2010, when the Board of Retirement considered a proposal to take the money and use it to pay down the unfunded pension liability. The RESDC Board actively opposed this proposal and participated in a SDCERA Ad Hoc committee regarding the matter. Ultimately it was determined that the majority of the SBA funds were protected by a 2003 legal agreement known as the "Ellsworth Decision." The fund was created with excess pension investment earnings but was not being supplemented by new monies; therefore, it was projected to end in 2014.

In June 2010, the Board of Retirement voted to reduce the SBA monthly maximum-minimum benefit by \$50 to \$350-\$175 beginning in 2011. These monthly amounts were those in effect at the time of the "Ellsworth Decision". In order to extend the fund beyond the original end point of 2014, the Board of Retirement directed the monthly benefit to be cut in half in 2013, an action that would extend the SBA fund until sometime in 2017. SDCERA expects this 50% reduction in the SBA benefit, \$175-\$87.50, to occur this summer and the exact month is dependent on the number of new Tier A retirements occurring during the first half of the year.

RESDC remains hopeful that our pension investment earnings will continue to grow, to the point, that the pension fund again reaches funding levels to allow for excess earnings.

The 1937 Act Retirement Law permits the use of excess earnings for supplemental retiree benefits. Be assured that the RESDC Board will monitor the management of the SBA fund and strongly argue for additional monies for this fund whenever appropriate.

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## QUESTIONS?

If you have questions regarding your retirement pay, your earning statement, retirement benefits, or health insurance coverage or medical pay allowance, please contact San Diego County Employees Retirement Association Call Center (SDCERA) at (619) 515-6800 or toll free (888) 473-2372.



## WHAT A DIFFERENCE A CENTURY MAKES!

*By Denise Price, Executive Director*

Libraries have become such an important element in our community fabric, it's almost impossible to imagine a time without them. However, a hundred years ago, that was the case for much of San Diego County. At the time, Woodrow Wilson was president and only 61,000 people lived here.

In April of 1912, the Board of Supervisors changed our fate, and on the wave of national popularity, adopted a resolution that established a free library in San Diego County.

The library opened with a budget of \$5,284.54 - funded by a 5-cent-per-citizen tax and a 2-cent-per-day late fee. The following year, our first librarian, Jennie Herman, was appointed.

Since then, the library's mission has remained constant: to provide free, unencumbered access to information for all.

And even though our County library system is 100 years old, it is not set in its ways. Library workers keep pace with rapid advances in technology and refresh the collection continually. Floor plans are open and inviting. You can even grab a cup of coffee and take it in with you.

Today, you don't even have to visit a library to check out a book. With a few clicks of a mouse, you can download an e-book or audiobook to your personal computer. Soon, the County plans to unveil the San Diego County Library App which will put the entire San Diego County Library System at your fingertips. You'll be able to find the nearest branch library, reserve a book, and even check out electronic materials - all from your mobile device.

Our County libraries are sure something to celebrate! So, join the San Diego County Library in celebrating 100 Years of Stories at one of the many centennial events planned throughout the year. For a full list of events, visit <http://www.sdcl.org/centennial/centennial-events> or call your local County library for more information.

*Thanks to County Supervisor Dave Roberts and Chairman Greg Cox for their contributions to this article.*

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**Office Hours:** 9 a.m. to 2 p.m. Tuesday, Wednesday, Thursday and Friday.  
**TELEPHONE:** (866) 688-9229 Toll Free  
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**Web-Site:** www.resdc.net  
**NETWORK** is the official monthly newsletter of the Retired Employees of San Diego County, Inc. (RESDC), a private non-profit organization.

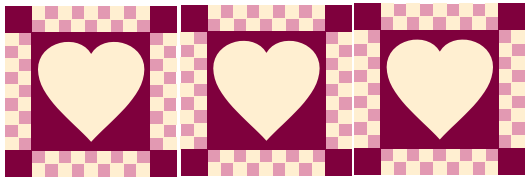
**Business and Inquiries:** Business matters and address changes may be recorded on the office voice mail at any time, call (866) 688-9229. Please spell your last name so the correct member record can be located.

The information printed in the NETWORK is believed to be from reliable sources. However, no responsibility is assumed by the NETWORK for inaccuracies contained herein.

**Retired Employees of San Diego County, Inc.**  
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## BITS AND PIECES

**Ruth Creager** celebrated her 100th birthday last month with a party at church! She retired from EDP in 1978. She lives in Battle Creek, Michigan with her sister, Marion, on the 20 acre family farm. Ruth loves winter in Michigan, even when the temperature is twenty degrees. She loves to travel and has been to Canada, Italy, Ireland, and 43 states in America.

Retired Sheriff's **Captain Leland McPhie**, the oldest retired deputy in San Diego County, celebrated his 99th birthday last month! To celebrate the special occasion, law enforcement officers and friends gathered at the Sheriff's Museum in Old Town for a birthday party.

**Nellie Golden** retired in 1986 after 16 years with the County. She worked for Health & Human Services in National City and South San Diego. She is 90 years old now! Nellie lives in San Marcos in a 55+ year old residential home.

**Connie Williford** retired from Juvenile Probation in 1998. She recently celebrated her 80th birthday! Connie lives in a small town in Northern Florida now. She is a caregiver for her mother. She stays busy keeping up two homes and yards, and walking her beautiful green trail. Connie appreciates letters from former co-workers and has fond memories of special times and people at the County.

**Marilyn Chisholm** just had her 89th birthday! She worked at the downtown Treasury Department and at Edgemoor Hospital as a Recreation Therapist. She has lived for over 50 years in her San Diego home and has seven grandchildren.



## APRIL GENERAL MEMBERSHIP MEETING SPEAKER: CAMILLE COWLISHAW

**Camille Cowlishaw, Chair, San Diego Caucus, California Senior Assembly Member, Planning & Service Area 23**

In 1980, the State Legislature requested the California Commission on Aging to develop a forum through which older Californians could develop their legislative priorities.

The California Senior Legislature (CSL) was established in 1981. It is a nonpartisan, volunteer organization made up of 120 elected members.

The 40 Senior Senators and 80 Senior Assembly Members are elected by their peers (persons 60 years of age and older) to represent seniors throughout the state.

Each October, the CSL meets in Sacramento to convene a model legislative session in the chambers and hearing rooms of the State Capitol. The CSL members participate in hearing testimony, debating issues, and voting to approve or disapprove up to 120 legislative proposals.

Come and meet Camille and hear about the top four CSL legislative proposals and how you can help to support them.

**When:** Tuesday, April 23, 2013, 12:30 to 2:30 pm  
**Where:** Serra Mesa Library, 9005 Aero Drive, San Diego, 92123