



NETWORK

Newsletter of The Retired Employees of San Diego County Since 1961

Vol. 45, No. 8

Honoring Yesterday—Protecting Tomorrow

August 2013

CHULA VISTA GENERAL MEMBERSHIP MEETING



WHEN: Thursday, August 22, 2013
PLACE: Chula Vista Police Department—Community Meeting Room.
Southeast corner of 4th and F Street in Chula Vista. 315 4th Ave., Chula Vista
PROGRAM: Wills and Trusts
SPEAKERS: Larisa Wilmert of Lopez & Wilmert, LLP, Scott Soady of Scott C. Soady, LLC, And Kevin Day of Day & Associates Law

Light refreshments will be served at 9:30 am. Meeting begins at 10 a.m.

Directions: From the North: Take 1-5 South, exit 8B for E Street, right turn at Bay Blvd., 2nd left onto F Street, turn right at 4th Avenue. From the South: Take 1-5 North, exit 8A for H Street, turn right at H Street, turn left at 4th Avenue.

Parking: Parking is available in the parking structure (on third floor only.) Enter on Garrett Street. Extra parking is available in library parking lot across the street or in the structure behind the Police Department.

PRESIDENT'S MESSAGE

By Susan Mallett



On June 20th, a number of RESDC board members attended an SDCERA Health Benefits Committee meeting that commenced in the early afternoon following a lengthy regularly scheduled Board of Retirement meeting. It is unfortunate that this committee meeting was not rescheduled but rather it was rushed, attended by only two of the committee's three Board of Retirement members, and did not

allow for sufficient discussion of health-plan-related proposals which directly affect retirees. The purpose of this committee meeting was to receive staff and health consultant proposed medical plan premiums and related health plan matters for the upcoming open enrollment period. Included in the staff recommendations was a proposal to drastically increase the health program administrative fee, and to charge the fee to all retirees who have a health premium deduction taken from their monthly pension allowance. All recommendations are to be presented to the Board of Retirement at the August 1, 2013 meeting.

As you know, in 2012, participants in a SDCERA spon-

sored health plan began paying a health program administrative fee. This fee was added to medical and dental premiums, and paid by retirees receiving reimbursements for other than SDCERA health plans through the Health Insurance Reimbursement (HIR) program. First, some background for this health program administrative fee is warranted. During the summer of 2011, SDCERA staff and legal consultants advised the Board of Retirement that IRS regulations appeared to prohibit the use of investment fund earnings for administrative expenses not related to investments; i.e. retiree health benefit programs. RESDC strongly argued against this additional cost for retirees, especially those who received an average pension amount of \$30,000 or less per year. Nevertheless, a monthly health administrative fee of \$4.12 was approved and added to each premium in 2012. These fees were meant to pay the projected \$593,000 annual cost to administer the SDCERA sponsored health plans.

Prior to open enrollment in 2012, retirees were informed that the monthly health program administrative fee would be decreased by 38% to \$2.55. One would assume that the cost of administering the health plans was reduced but no projected cost was given for the affected year of 2013. Therefore, all SDCERA sponsored plan participants had \$2.55 added to medical and dental premiums this year. Surprisingly and with little explanation, it was announced at the SDCERA Health Benefits Committee meeting

(Continued on Page 3)

August Calendar of Events

- 1—(Thurs.) Deadlines for Nominations to RESDC Board of Directors**
- 1—(Thurs.) SDCERA Board of Retirement Meeting**
2275 Rio Bonito Way, Suite 200, 8:30 a.m.
- 15—(Thurs.) SDCERA Board of Retirement Meeting**
2275 Rio Bonito Way, Suite 200, 8:30 a.m.
- 22—(Thurs.) RESDC General Membership Meeting**
315 4th Ave., Chula Vista, 9:30 a.m.

AN UNWELCOME REMINDER

By Stan Coombs, Benefits Committee Chair

On June 6th, in a calm undertone, the SDCERA Chief Executive Officer reminded the Board of Retirement that the Tier A Supplemental Benefit Allowance will be reduced 50% beginning with the July 2013 payroll.

How is that happening? It results from a Board of Retirement action three years ago, in June 2010, when, during an argument about doubling the period that available funding would last, they decided to cut the monthly remittance. And, while not a surprise to long-time watchers of county retirement affairs, the 2,000 or so newly retired since we last told the story, may be completely at sea without another explanation. Even some veteran RESDC members may need a reminder.

It begins with retiree health benefits, which, the County says, were never guaranteed in the employment agreement in the first place, and were always provided retirees as an add-on benefit through the largess of the County Board of Retirement, utilizing "excess earnings" of the retirement fund. Retirees with at least ten years of service received a \$200 monthly tax-free health benefit, increased to \$400 for those with 20 years or more

service.

In 2004 and 2005 there were efforts by some to completely eliminate retiree health benefits, ultimately resulting in a standoff wherein the County refused to continue a complicated fund transfer through an IRS-required 401 (h) account, necessary to maintain tax-free status. At the least, they wanted Tier A health benefits to be eliminated due to pension increases, approved in 2002.

That dispute was resolved in May 2007, when the Board of Retirement replaced the Tier A health benefit with a new, taxable Supplemental Benefit Allowance that could be used for any purpose, transferring remaining Health Benefit Reserve funds to do so. They also approved a new policy desired by the County, restricting the use of excess earnings to reduce the retirement deficit until the funded level of the retirement program reaches 90% (78.66% in June 2012).

Because of the deficit increase, principally resulting from the 2008-09 economic crash, and the 90% policy, there seemed little likelihood of increasing Tier A Supplemental Benefit funding anytime soon. Although the County picked up the costs of continuing Tier I and II health benefits, a rapidly diminishing group.

In 2010, members of the Board of Retirement who had their eye on the falling Tier A Supplemental Benefit Reserve balance, raised the question, Whether it was better to continue the \$200 - \$400 benefit range or reduce it by half so the program life could be doubled?

Strong support for continuing the then-current benefit levels came from Tier A retirees and RESDC, but in June 2010 the Board of Retirement approved by split vote a 12.5% reduction, effective January 2012, and an additional 50% reduction effective about 2014.

A complication had arisen. Turned out that an old court case, resulting in an "Ellsworth Decision" had been unearthed during staff analysis, wherein the court had disallowed reductions in certain benefits utilizing certain funds. Some health benefit reductions were included. Thus, the 12.5% reduction was all that was possible until the Ellsworth restricted funding was exhausted and the

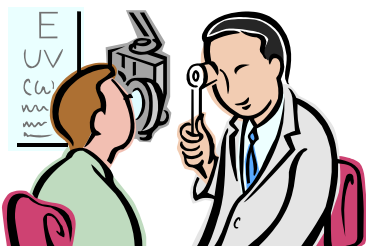
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2013 RESDC SCHOLARSHIP WINNERS

RESDC President Susan Mallett introduced several of our Scholarship winners and their families to the San Diego Board of Supervisors in June. Congratulations to all of our Scholarship winners!

Photo from left to right: Supervisor Dianne Jacob, Marco Russo, President Susan Mallett, Supervisor Dave Roberts, Isaac Becker, Christian Parong, Executive Director Denise Price.





AUGUST IS CATARACT AWARENESS MONTH

Dear Members:

Have you noticed a change in your ability to read the small print on food labels or the newspaper lately? You may need to have your eyeglass prescription adjusted or a more serious problem could be developing – cataracts.

A cataract, a clouding of the lens in the eye, is the leading cause of vision loss among adults age 55 and older. In fact, more than half the people over age 65 have some degree of cataract development.

The first line of defense in maintaining your overall eye health is an annual eye exam. Eye exams are not only used to detect eye diseases such as cataracts and glaucoma, but also detect signs of serious health conditions, such as diabetes and high cholesterol that may have gone undetected.

Second, maintaining a diet high in vitamins A, C and E is important for eye wellness and may lower the rate of cataract development.

If you or a loved one have been neglecting eye health and don't have the resources to visit an ophthalmologist, belong to an HMO, the VA or a RESDC vision plan, a public service program may be able to help you. Please contact EyeCare America's Seniors EyeCare Program at 1-800-222-3937 or visit www.eyecareamerica.org to see if you qualify for assistance.

Wishing you happiness and health,

Denise Price
Executive Director

Food for the Eyes:

Vitamin A:

Carrots, sweet potatoes, kale and red bell peppers

Vitamin C:

Oranges, strawberries, mangos and cabbage

Vitamin E:

Almonds, peanut butter, spinach and sunflower seeds

For more information on RESDC Vision Plans, call our office at 619-688-9229.

President's Message (Continued from Page 1)

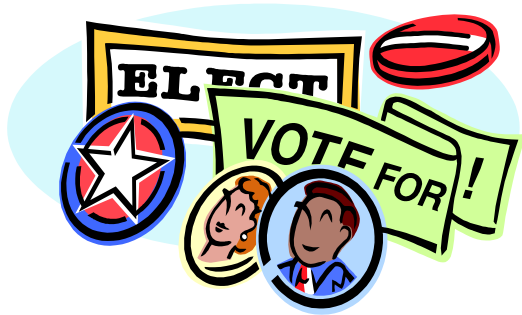
mentioned earlier that health administration costs have increased this year creating a deficit. Additionally, there were health related research and legal expenses incurred that also must be passed on to retiree participants. **The projected health program costs for 2014 is \$897,048. On behalf of all retirees, RESDC would like a more detailed and reasoned explanation for such an increase in administrative costs, an amazing increase of \$304,048 in two years.**

For 2014, the staff recommendation for the health program administrative fee is two pronged and the second portion is as troubling as the fee increase. SDCERA staff recommends this fee now be added to premiums deducted for RESDC dental plans although SDCERA staff provides minimal service that includes setting up the electronic deduction, sending the premium payment and providing a monthly electronic report of enrollees. **As recommended, the health administrative fee would be \$6.88 added to each medical and dental premium as well as the HIR reimbursement. Including the 2530 RESDC dental participants would reduce the fee to \$5.58. In order to further avoid incurring a deficit in the coming year, it is recommended that these amounts be rounded up to \$7.00 or \$6.00 depending on the total number of participants.**

Be assured that RESDC has developed a strategy to respond to these recommendations and will present our concerns to the Board of Retirement before they consider these proposals in August.

Related to open enrollment, SDCERA will continue to sponsor the existing medical insurance plans through Kaiser, Health Net and United HealthCare. As in previous years, each insurer offers both non-Medicare, for retirees 64 years and younger, and Medicare plans. In 2013, a total of 5851 retirees and dependents participated in these medical plans with 61% enrolled in one of Kaiser's plans. Proposed premium rate increases are higher for the younger non-Medicare retirees. Specifically, premiums for Kaiser increase by 9.3%, United HealthCare increase by 10.5% and Health Net increase by 15.5%. There is better news for the almost 83% of retiree participants who are enrolled in one of these insurers' Medicare assignment/advantage plans will see smaller or no increase in monthly premiums. Those in Medicare supplement plans will see an average premium increase of 11.9%. Medical premiums will be increased further by \$5.25 per month as required by the federal Affordable Care Act reinsurance fee, a \$63 annual fee on those who are insured to help fund subsidies to assist uninsured Americans who must buy medical insurance beginning in 2014.

Dental plans remain the same as 2013. The monthly premium for Delta Dental PPO is the same as this year due to a negotiated two year rate level and Cigna dental premium will increase by 9% in 2014.



NOMINATIONS ARE OPEN

*By George Lejeck & Chris Hinshaw,
Elections Committee Chair & Co-Chair*

An election for Officers and Directors of RESDC is nearing. The positions of President and Second Vice-President, and four directors must be elected by mid-October, 2013. **Only current and past board members will be eligible for the President and Second Vice-President positions.**

The term of office is two years. Candidates for these positions must submit their names in nomination by **August 1, 2013.**

Events impacting County retirees require active participation by retirees. If you are willing to be active, join in and help. We need new individuals from our membership to contribute something for the benefit of the group so that our Association can become even stronger and more productive in the years to come. Now is the time to submit your name in nomination as a candidate.

We would like prospective nominees to be able to devote their time voluntarily to the Association's business and have the time to attend monthly Board meetings, plus General Membership meetings six times a year.

If you are interested in being considered, please submit a summary (limited to 200 words) of your background and work experience to our office, RESDC, 7860 Mission Center Court, Suite 209, San Diego, CA 92108-1329. Please state your candidacy for one of the following: President, Second Vice-President, or Director. **Candidates for President and Second Vice-President must have served as a recent or past Director on the RESDC Board of Directors.**

The deadline for new candidates to submit their statements for the slate of nominees is on or before **August 1, 2013.**

If you have any questions, please contact our office by phone at (866) 688-9229 or by e-mail at resdc@resdc.net.

WELCOME NEW MEMBERS

Richard Crompton
Steven E. Lamoureux

Public Works
Assessor

PENSION FACTS

By Chris Heiserman, RESDC Director

Depressed economic conditions in recent years have pushed jobless rates higher and choked down state and local government budgets dramatically. Unfortunately, many elected officials and media organizations seem to believe public pension plans pay a major role in this fiscal stress.

Headlines report escalating employer pension contributions are straining local and state budgets, claim public retiree benefits are too lucrative compared to the private sector, and say that public pension systems are woefully "underfunded" and "unsustainable."

These criticisms are unfounded and misleading. Here are a few pension facts the general public should be told to provide a balanced perspective on the financial condition of retired public employees and the fiscal health of their pension funds:

- Public pension plans are funded from three sources: contributions from the employer, workers, and investment income. A report done in 2012 focusing on California says that between 1993-2009 26.22% of public pension fund receipts came from employers, 16.22% came from workers and 57.56% from investment earnings. This means only about one-fourth of the cost was from taxpayers' dollars.
- The same 2012 analysis reported that in 2009 more than one million California public retirees received an average pension of \$2,488 per month, or \$29,852 annually. In a recent NETWORK, we reported the County's average as \$2,733 per month, or \$32,796 annually.
- In media articles criticizing public retirement systems heavy emphasis is placed on the "unfunded liability," or the shortfall between the overall value of the pension fund and the projected benefits it owes retirees. Fitch Ratings, a global credit ratings agency, considers a funded ratio of 70% or higher to be adequate as the plans continue to work toward full funding over time. Nationwide, public pension plans are currently funded at 74.9%, according to the San Diego County Employees Retirement Association (SDCERA). Our County plan is funded at 78.7% and the City of San Diego's pension system is funded at 68.6%.

More background on public pensions and a variety of articles and links to other resources is available on the SDCERA (www.sdcera.org) website under the heading "Pension Facts."



Protect your valuables and keep them safe. Important papers, such as birth certificates, insurance papers and loan documents, as well as special family heirlooms can be hard to replace, or even irreplaceable. To have peace of mind, keep them secure in a Safe Deposit Box at San Diego County Credit Union. Safe Deposit Boxes are available to rent at most SDCCU® branch locations and come in various sizes.

To see a list of the branches that have Safe Deposit Boxes, visit sdccu.com and search safe deposit or call us at (877) 732-2848.

The Surviving Spouse of a member is eligible for RESDC membership. For enrollment assistance, call 866-688-9229.

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.



IN MEMORIAM

Roberta A. Bancroft	Municipal Court
Bonnie R. Baumann	Surviving Spouse
George Bernstein	County Clerk
Edward Ebbert	Sheriff
Billieann Espinoza	Surviving Spouse
James R. Fetsch	Health & Human Services
Mary E. Gallagher	Health & Human Services
Ernest Grugel	Sheriff
Michael Johnson*	Assessor/Recorder
Percy M. Lowe	Social Services
Mary McClelland	Health & Human Services
Debra A. McRae	Health & Human Services
Irma M. Minga	Health & Human Services
Kapsoon Murphy	Surviving Spouse
John P. Njmesgern	Health & Human Services
Frank Norell	General Services
Lilia O'Hara	Surviving Spouse
David A. Olejnik*	Health & Human Services
Waverly E. Parker	General Services
Marilyn Phelps-Pierce	Social Services
Sarah M. Platt	County Clerk
John A. Pokorny	Sheriff
Virginia M. Reynolds	Health & Human Services
Salvador Rodriguez*	Medical Examiner
George Schwegel	Agriculture
Gertrude A. Simoes	Health & Human Services
Kenneth A. St. Michel	Social Services
Jeanne M. Strand	
Margaret L. Taylor*	Library
George C. Watts	Sheriff
Kelly S. Wier	General Services
Priscilla S. Young	Social Services

***Active**

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

Flag Day Luncheon 2013

Ronald Reagan Community Center, El Cajon

Photos by Mila Thurber, RESDC Director





Office Hours: 9 a.m. to 2 p.m. Tuesday, Wednesday, Thursday, and Friday
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NETWORK is the official monthly newsletter of the Retired Employees of San Diego County, Inc. (RESDC), a private non-profit organization.

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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.

AN UNWELCOME REMINDER (Cont'd from page 2)

desired 50% reduction could be implemented.

And there we have it, a 12.5% reduction in the Tier A Supplemental Benefit Allowance last year followed by a 50% further reduction when Ellsworth funding was exhausted.

Obviously a mostly bitter pill for affected Tier A retirees, the theory being that as things stand, they'll receive the same amount of Supplemental Benefit funding, but over a longer period of time, which means they may or may not have the monthly cash flow to meet health insurance costs. The situation can be particularly hard for retirees with shorter tenures who entered the workforce late, and surviving spouses of deceased Tier A members, who receive 60% of their partner's pensions.

The latest figures provided by SDCERA staff show an approximate \$3 million aggregate monthly Supplemental Benefit Allowance payout, and predict a Supplemental Benefit Reserve Account balance of \$52.2 million in June 2013. Barring the unlikely event of additional funding, that portends complete exhaustion of the reserve account about May 2015.

The SDCERA Chief Executive Officer was simply reminding the Board of Retirement of their three-year-old action.

RESDC has been discussing this pending program demise with SDCERA staff and Board of Retirement members, looking for options that might allow continuance of the Tier A Supplemental Benefit Allowance.

San Diego County net retirement assets decreased \$155.9 million during May, decreasing fiscal-year-to-date gains to \$851.7 million and total net assets to \$9.38 billion.

SCHOLARSHIP WINNER UPDATE

Meaghan Ryan was one of RESDC's 2010 Scholarship winners. Meaghan is the granddaughter of RESDC member, **Bob Summers**. She recently wrote to us to give an update about herself and her college career. She wrote:

Three years ago, I received a scholarship from the Retired Employees of San Diego County to help fund my education at Rice University. I would never have imagined that my start at Rice would have taken me where I am today.

In my first year, I chose a path in Mechanical Engineering and I got involved in the university's band and women's water polo.

In my second year, I traveled to Ecuador and Russia to teach students about hygiene, environment, sexual education and nutrition. I participated in the Moscow Summer Internship on Space Development in Theory and Practice at the Bauman Institute in Russia.

I've become involved in Rice's Center for Engineering Leadership in Houston, TX. I'm now on a summer internship with Shell Oil Company.

Thank you RESDC, you have helped make all of this possible.

**SAVE THE DATE
 HEALTH FAIR PICNIC
 REMINDER**

This year's Health Fair/Picnic is scheduled for Wednesday, October 9, at Admiral Baker Field from 10:00 am to 2 pm.

The registration form for the picnic will appear in the September and October issues of the NETWORK.

