



# NETWORK

Newsletter of The Retired Employees of San Diego County Since 1961

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Honoring Yesterday—Protecting Tomorrow

July 2015

## PRESIDENT'S MESSAGE

*By Susan Mallett*



This month, I have much news to report and all of it is positive I believe. Each June, RESDC is pleased to award five \$2000 scholarships to outstanding graduating high school seniors. Additionally, to honor the memory of LaRue Pierce, long time RESDC board member, we also award a \$250 scholarship for exceptional effort in community service. Please read more about these wonderful young adults in the

August newsletter. Executive Director Mark Nanzer and I were honored to present three of the scholarships at local San Diego County high schools. It is inspiring to hear about the achievements of so many graduates.

Good news at SDCERA as well, as two key administrative positions have been filled. Greg Bych, became the Chief Financial Officer on June 8th and will oversee SDCERA's finance, accounting and internal audit functions. According to SDCERA's press release, "Mr. Bych worked at the City of San Diego for 25 years during which he held positions as Interim Chief Financial Officer and Director of Risk Management. He served on the San Diego City Employees' Retirement System (SDCERS) Board and was a member of SDCERS' investment committee." The much anticipated internal Chief Investment Officer for SDCERA is Stephen Sexauer. He started on May 29th and brings a wealth of investment experience. SDCERA's announcement describes his responsibilities as follows, "Mr. Sexauer will oversee SDCERA's investment strategy for the fund's public and private investments, investment team, and investment consultants. In addition to the day-to-day operation of SDCERA's investments division, he will also play an important role in assisting the Board with determining the fund's investment policies, strategy and asset allocation. Mr. Sexauer will coordinate the transition of responsibilities from SDCERA's current Portfolio Strategist, Salient Partners." Additionally, "Mr. Sexauer worked at Allianz Global Investors as Chief Investment Officer of Allianz Global Investors Solutions, managing over \$7 billion in multi-asset institutional portfolios and

retirement income solutions." The announcement contains the following statement from Board Chair Skip Murphy, "SDCERA's Board of Retirement is very pleased to have found an exceptional professional with 30 years of investment-industry expertise. Steve's keen grasp of global financial markets and his direct experience managing large multi-asset portfolios stood out during the interview process."

I had the opportunity to introduce myself and RESDC to Mr. Sexauer at the conclusion of the June 4th Board of Retirement meeting. He was interested to hear about our association and applauded our advocacy on behalf of retirees. He was also interested in our informational programs and events saying he felt we all benefit from staying involved as we get older. We look forward to getting to know Mr. Sexauer as he begins the important tasks of managing our retirement system investments.

Finally, in keeping with the notion of involvement, RESDC's relationship with the County's Live Well San Diego initiative was finalized and celebrated with a proclamation by our sponsor, County Supervisor Dianne Jacob on June 9th. We are excited about the many opportunities for members and recognition of our association as we participate in the Live Well San Diego programs to improve the health and wellness of all County residents. Read more about our Live Well San Diego partnership from Mark Nanzer, our Executive Director, on page 3. Stay tuned to RESDC communications for news of upcoming events and programs. As always, I wish you safe travels and fun filled activities this summer.

## COMING SOON...

### A MORE COLORFUL NETWORK

*By Chris Heiserman, Editorial Chairman*

Look for a few changes in The NETWORK starting shortly, the most striking being a full color masthead, photos and artwork. It will be a fresh look but still provide the same pertinent information and commentary on retirement security issues, pension-related matters and RESDC meetings and events.

## July Calendar of Events

### **2—(Thurs.) SDCERA Board of Retirement Meeting**

2275 Rio Bonito Way, Suite 200, 8:30 a.m.

### **9—(Thurs.) RESDC Board of Directors Meeting**

8825 Aero Drive, Suite 205, 9:30 a.m.

### **16—(Thurs.) SDCERA Board of Retirement Meeting**

2275 Rio Bonito Way, Suite 200, 8:30 a.m.

## RETIREMENT DISASTER AVOIDANCE

*By Stan Coombs*

How does it look for the American elderly overall? We worry about our own public retirement issues, less often consider the elderly in society at large!

A bleak picture in many respects. Will resources be there to pay the bills when employment is no longer viable? Some private sector workers will only euphemistically call it "retirement." And, the problem isn't just for strangers. It affects our very own children. They may not have defined benefit security.

The private sector retirement situation is complicated, difficult to sort out and ripe for political exploitation. A helpful discussion is found in "Falling Short: The Coming Retirement Crisis And What To Do About It," published by The Center for Retirement Research at Boston College.

Authors, Alicia Munnell, Charles D. Ellis and Andrew D. Eschtruth, tell it in an easy-to-read, nine-page summary, accessible on-line.

The three, with impressive economic credentials, describe changes since 1983 that systematically shifted retirement risks and responsibility from government and employers to individuals, resulting in about half of working-age households "at risk of being unable to maintain their pre-retirement standard of living in retirement." That's code for, "They won't have enough money!"

While the ratio of net assets to income has stayed about the same for age groups between 20 and 64 since 1983, it's woefully short of retirement needs, and costs will be more now and in the future than in the early 1980's.

Traditional sources of retirement income are shrinking, say the authors. Life expectancy after 65 is increasing for both men and women (reportedly up 49% and 26%, respectively, between 1960 and 2020), requiring more funding for longer retirements; Social Security benefits, as a share of retirement income, are declining due to the rising "Full Retirement Age," from 65 to 67 years; Medicare premiums are rising faster than benefits (Part B premiums 5.4% of average Social Security benefit in 1990, to 10.4% in 2030); and, current formulas require benefits to be increasingly taxed (10% of Social Security beneficiaries paid taxes on benefits in 1985, half will do so in 2030).

What about employer-sponsored retirement plans? . . . the second leg of the traditional three-legged retirement stool that we've heard so much about (Social Security/pensions/

personal saving). Roughly half of private sector workers have participated in employer-sponsored plans for the past 30 years, but they've shifted dramatically from defined benefit to 401(k) arrangements, which means the employee makes all the decisions and bears all the risk.

According to the authors, only half of 401(k) plan employers automatically enroll employees, and 401(k)s haven't been an effective retirement savings tool. Only 52% of workers participate and with adjusted household income falling, people are hard-pressed to save enough. Without universal participation mandates, workers move in and out of plans when they change jobs, many ending up with no pension and dependent on Social Security.

That leaves savings. The authors calculate, from a Federal Reserve System, "Survey of Consumer Finances (2013)," that the typical working household with a 401(k) had only \$111,000 in combined 401(k) and IRA balances, which would provide less than \$400 per month. It's reported T Rowe Price thinks a \$50,000 wage earner needs at least \$833,000 in the kitty at retirement.

**(Continued on Page 6)**

## SAVE THE DATE!!

### 2015 CHULA VISTA

### GENERAL MEMBERSHIP MEETING

**WHEN:** Wednesday, August 19, 2015, 9:30 am

**PLACE:** Chula Vista Police Department—  
Community Meeting Room.

Southeast corner of 4th and F in Chula Vista. 315  
4th Ave., Chula Vista

**PROGRAM:** Health Insurance Counseling and  
Advocacy Program (HICAP)

**SPEAKER:** To Be Announced

Light refreshments will be served at 9:30 am.  
Meeting begins at 10 am. Watch for more details  
in the August issue of the NETWORK.

## PENSION FACTS AT A GLANCE

**More than 70% of SDCERA  
retired members and survivors  
receive less than \$40,000 in  
annual benefits.**

## LIVE WELL SAN DIEGO RECOGNIZED PARTNER PROCLAMATION

*By Mark Nanzer, Executive Director*

I have exciting news to share with RESDC members. The San Diego County Board of Supervisors presented a proclamation honoring RESDC as a *Live Well San Diego* recognized partner and declared June 9<sup>th</sup>, 2015 as **'RETIRED EMPLOYEES OF SAN DIEGO COUNTY DAY'** throughout San Diego County!

You may recall in the March 2015 edition of the *NET-WORK*, Board President Susan Mallett highlighted the *Live Well San Diego* RESDC recognized partner application and background on this groundbreaking countywide initiative. RESDC now joins over 80 partners in all sectors – from government, to business, to schools, to faith-based and community organizations. Leadership at the County of San Diego recognizes what success for a broad initiative like *Live Well San Diego* requires – a collective effort by all sectors working collaboratively to bring the vision of a healthy, safe and thriving San Diego County to life.

RESDC being recognized as a Live Well partner makes perfect sense when you consider the types of activities, events and information we share with our members throughout the year. We are committed to continuing to advance *Live Well San Diego* into the future, and are embracing strategies of this initiative. This includes supporting positive choices by continuing to offer an annual health fair, promoting County events like Love your Heart, Live Well 5K, Intergenerational Games and Vital Aging 2015.

It also includes promoting volunteerism by participation on the Volunteer Action Team (VAT). The VAT supports the implementation of the 'Thriving' component of the *Live Well San Diego* strategy. The purpose is to review goals, strategies and actions for the regions volunteer system.

Visit the *Live Well San Diego* website located at [www.livewellsd.org](http://www.livewellsd.org) where you'll find excellent resources and information on the following:

- Tips for individuals, families and organizations to start *Living Well*
- An updated Community Events Calendar offering detailed information on activities located throughout the County
- A community action plan which includes Community Health Assessment and Health Improvement Plans
- News and success stories highlighting how recognized partners are making a difference in their communities



RESDC President Susan Mallett, Supervisor Dianne Jacob, and RESDC Executive Director Mark Nanzer, at the presentation of a proclamation honoring RESDC as a Live Well San Diego partner on June 9th.



RESDC President Susan Mallett, Director Chris Heiserman, and Executive Director Mark Nanzer receive the proclamation declaring June 9th, 2015 as 'Retired Employees of San Diego County Day'.

Photos by Benjamin Hemmings



Identity theft is one of the fastest growing crimes in the United States. There are steps you can take to minimize your risk of identity theft including: destroying unused checks and credit cards, taking extra security with online purchases, being aware of phone scams and simply guarding your purse or wallet. Be sure not to give out your personal information over the phone unless you are sure you know to whom you're speaking. SDCCU® also encourages you to review your credit report once a year for free at [annualcreditreport.com](http://annualcreditreport.com).

For information on what to do if you think you've become a victim of fraud or identity theft visit [sdccu.com](http://sdccu.com) and search identity protection.

## **PENSION FACTS**

### **The Latest Anti-Public Pension Buzzword is “Crowd-out”**

**By Chris Heiserman, Director**

Have you seen it or heard it yet? You will.

The national cabal hell-bent on ending defined-benefit public retirement plans and replacing them with 401(k) savings accounts is targeting California. They see the Golden State as ground zero in the battle for their brand of pension “reform.” It’s actually a predictably clever strategy since California has two of the nation’s largest public pension systems and both have very large future unfunded liabilities.

An April, 2015 report from the conservative Manhattan Institute coins the term “crowd-out”, as in “California Crowd-out: How Rising Retirement Benefit Costs Threaten Municipal Services.” The author claims that local cities and counties will have to cutback basic services like parks, libraries and street maintenance to pay for overly generous government worker benefits and the underfunded future tab for pension promises already made. This report begins with the premise that retirement costs will “crowd-out” public services and then offers pages of statistics and tables trying to depict a direct cause and effect relationship between the two. Such a comparison and overly general analysis given the complexity and diversity of California’s myriad of local agencies is far too simplistic.

For example, the report states that California cities have seen retirement benefit costs grow at a faster rate than taxes, fees and charges. However, the validity of this comparison is obscured by the use of percentages, leaving out the relatively small size of the benefit costs in the overall budget picture for most local governments. In another table the report aggregates pension contributions and spending on typical public services for all California local governments over an eight-year period and describes the results as a statewide “trend” of pension costs growing faster than spending on basic services. The author added up the millions of dollars spent in each service category (parks, libraries, police and fire) by many hundreds of local governments and made a superficial global comparison to the increasing cost of overall retirement contributions. The comparison is meaningless on a statewide basis but it fits snugly into the real theme of the report – public pensions are bad and cost too much.

There is no question that public retirement benefit costs present serious fiscal challenges to California elected leaders, taxpayers and government workers. Many of the state’s cities, counties, school districts and other agencies are playing catch up on their shares of the large unfunded liabilities in the California Public Employees Retirement System (CalPERS) and the California State Teachers Retirement System (CalSTRS). Likewise, many of these same governments only realized in recent years the growing cost implications of the retiree health care benefits built into pension plans.

Some meaningful pension reforms were enacted by the California Legislature in 2012. Public workers now contribute more to the cost of their retirement, sharing the upfront funding responsibility equally with their employers; and new hires beginning in 2013 will receive reduced benefits and have to wait longer to retire. In addition, in a growing number of public agencies elected officials and union leaders are collaborating at the bargaining table to adjust retirement benefit costs in the interest of protecting the long term fiscal health of both pension funds and service delivery budgets.

The Manhattan Institute report is part of a coordinated assault on traditional defined benefit public pensions. In a more recent opinion piece published in the Wall Street Journal, the same author bemoaned the fact that voters in California’s Sonoma County were being asked to approve a sales tax hike on the June 2, 2015 ballot to fix potholes and deteriorating streets while the county’s workers were set to enjoy sweet retirements, including retiree health care at taxpayer expense. The ballot measure failed with a 62% “no” vote.

In its conclusions, the Manhattan Institute report stated that “Pension reform will require state action, likely through a ballot initiative.” The author goes on to mention that former San Jose Mayor Chuck Reed and former San Diego City Councilman Carl DeMaio, who led successful pension reform initiatives in their cities, have announced plans for a California initiative for 2016. Their proposal surfaced officially a few weeks ago – a constitutional amendment that would make 401(k) plans the default retirement vehicle for any new public workers hired after January 1, 2019. A traditional pension could only be offered to these workers after voter approval.

Expect to see and hear much more about the so-called “Voter Empowerment Act of 2016” in coming months, as well as the term “crowd-out.”

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## **WELCOME NEW MEMBERS**

Mary L. Alvarado

Greg Cox

Celeste English

Patricia L. Hott

Sophie Rys

Norma I. Yoro

Associate

General Services

Health & Human Services



**Happy  
4th of July!**



## PAUL LEE VOLUNTEER OF THE QUARTER

Paul Lee has been a volunteer with the Retired Employees of San Diego County since the late 1990s after he retired from the City of Carlsbad. He has been a key member of the Computer Committee which was later re-named the Technology Committee.

Paul began working for the County in 1956 in Vital Records for the Health Department. He worked downtown on the North side of the Civic Center and worked with a Photostat machine. Later he moved to the Sheriff's Department where he worked in Records. He retired from the Welfare Department in 1984. Late in his career, Paul decided to take computer classes at night at Coleman College and later graduated with a Bachelor of Science in Computer Science.

One of Paul's first tasks for RESDC was to create an entirely new database which has been used in the office for over 12 years. When he first started helping RESDC, he became anxious about RESDC members' privacy issues and decided to construct a database using Access. This new database resolved the privacy concerns with our member's confidential information. Paul has installed several new computers in the RESDC office over the years. He also helps with undertaking routine System Image backups for the computers.

Paul is very active with the Greyhound community. For several years he volunteered at the kennel for Greyhound Pets of America. He also took three trips across the country with his first Greyhound, Willow, where they visited friends, family, and other fellow Greyhound enthusiasts.

Paul wants to encourage all RESDC members to think about becoming a RESDC volunteer. Please call the office if you would also like to be one of our volunteers: (619) 688-9229.

Thank you Paul for all your years of help to The Retired Employees of San Diego County.

## THANK YOU PAUL!

## IN MEMORIAM

Emmajean Allen	Health Services
Florence Blanchard	Surviving Spouse
Louise Brewer	Social Services
Mark Brown	Health & Human Services
Patricia A. Carter	Municipal Court
Marie L. Daley	Surviving Spouse
Juan G. Flores	Surviving Spouse
Stanley J. Foss	Sheriff
Ignacio Gomez	Probation
Charles A. Handley Jr.	Health & Human Services
Barbara L. Holman	Municipal Court
Claire R. Hurley	Health Services
Patricia Johnson	General Services
Jo Nell Knight	Education
William J. Larson	Surviving Spouse
Gail A. Lowe	District Attorney
Ignacia Lugo	Surviving Spouse
Jack P. Lyons	Surviving Spouse
Wavalene McDonald	Health & Human Services
Dean E. McKellep	Clerk of the Board
Lynda Messener	Assessor/Recorder/Cty Clerk
Muriel A. Mikesell	Probation
John E. Miller	Auditor & Controller
Norma Jean Montgomery	Probation
George D. Muller	Facilities Management
Dorothy M. Orr	Health & Human Services
Evelyn N. Orr	Tax Collection
Charles G. Page	Municipal Court
Dorothy T. Polk	Social Services
Eleanor D. Rawlings	Surviving Spouse
Helga H. Remy	Library
Eugene Rodriguez*	Public Defender
Robin D. Royall	Agriculture/Weights/Measures
Jerome G. Storm	Probation
Catherine A. Sullivan	Surviving Spouse
Garry D. Talbot	Sheriff
Dona E. Trumble	Clerk/Board of Supervisors
Ramon D. Vose	Planning & Land Use
Donald J. Wheeler	Health & Human Services
James E. Whipple	Surveyor

**\*Active**

**As long as we think of you,  
You'll always be with us.**

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.





**Office Hours:** 9 a.m. to 2 p.m. Monday through Friday  
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**FAX:** (619) 688-0766  
**E-MAIL:** [resdc@resdc.net](mailto:resdc@resdc.net)  
**Website:** [www.resdc.net](http://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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## NOMINATIONS ARE OPEN

*By Joan Wright  
Elections Committee Chairman*

An election for Officers and Directors of RESDC is nearing. The positions of President, Second Vice-President, and four directors must be elected by mid-October, 2015. **Only current and past board members will be eligible for the President and Second Vice-President position.**

The term of office is two years. Candidates for these positions must submit their names in nomination by **August 3, 2015.**

Events impacting County retirees require active participation by retirees. 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, 8825 Aero Drive, Suite 205, San Diego, CA 92123. Please state your candidacy for one of the following: President, Second Vice-President, or Director.

The deadline for new candidates to submit their statements for the slate of nominees is on or before **August 3, 2015.**

If you have any questions, please contact our office by phone at (866) 688-9229 or send us an e-mail at [resdc@resdc.net](mailto:resdc@resdc.net).

## Retirement Disaster Avoidance (Cont. from Page 2)

But, the authors think the first step is to fix the Social Security deficit, which could result in a 25% reduction in scheduled benefits after 2035. They suggest raising the payroll tax rate 1.45% of wages for employees and employers and/or removing the \$118,500 cap on wages taxed, to do that.

They also suggest workers would be dramatically helped by working several years longer, allowing Social Security benefits to increase 7.5% per year of delay and making additional 401(k) contributions. Invested savings could nearly double during an additional eight years of employment, before 70 years of age.

But, not everyone can work until 70. Perhaps most interesting are suggested reforms for existing 401(k) retirement systems. Automatically enroll existing employees and new hires, with an opt-out option, say the authors. Set contributions at "meaningful levels," gradually increased until combined employee and employer contributions reach 12% of wages. Investments should be low-cost index funds; cash-outs during job changes prohibited; penalty-free withdrawals restricted before 62 years of age with funds accessible through loans; and, hardship withdrawals limited to unpredictable emergencies.

Private sector workers with no employer-sponsored plans need essentially the same arrangement, say the authors. Eight states, California, Illinois, Massachusetts, Oregon, Maryland, Minnesota, Connecticut and Vermont, have legislation or are exploring possibilities. (See "A Small Step Forward," re/The California Secure Choice Retirement Savings Trust Act; December 2012 NETWORK).

Unfortunately, the authors don't specifically laud proven defined benefit plans, which include many of those reforms, plus inflation-fighting, cost-of-living increases, professional investment management and lifetime pension guarantees.

No updated SDCERA financial report had been published at the time of this writing. County retirement fund totals will be reported when available.