



NETWORK

Newsletter of The Retired Employees of San Diego County Since 1961

Vol. 45, No. 7

Honoring Yesterday—Protecting Tomorrow

July 2013

PRESIDENT'S MESSAGE

By Susan Mallett



The month of June is the time for graduations and the presentation of our RESDC scholarships. I had the honor of presenting two of this year's five scholarships to local high school graduates. As in past years, it was heartwarming and encouraging to hear of the accomplishments of so many seniors attending the schools I visited.

In addition to academic excellence, applicants for the RESDC scholarship program must demonstrate good citizenship and community involvement. Our scholarship recipients were introduced in the last NETWORK and I would like to give additional recognition for their contribution to others and the community. Isaac Becker volunteered in church programs including the Ladle Ministry providing food to the needy. Emily Miller worked in school fund raising events and participated in a variety of community service projects through the National Charity League. Both students participated in their school band programs during all four years of high school and mentored less experienced underclassmen in marching band. Christian Parong, an Eagle Scout, logged nearly 600 hours in a variety of volunteer projects in parks throughout his community. He also provided service to the San Clemente Senior Center over the course of five summers. Marco Russo, a competitive swimmer in high school, coached younger children in a summer swimming league program. He also served as a peer mentor and a tutor to assist students with classwork and volunteered in the community through the Elk Lodge outreach program. Jordan Vargas, from a large family of eight children, demonstrates a compassion for those less fortunate through his involvement in volunteer efforts with foster children and fundraising to provide birthday parties for children in orphanages. I think you will agree that these young people have demonstrated many positive traits that bode well for successful futures.

I appreciate that most high schools require some level of community service from students in order to earn the prerequisites for graduation. However, a person's commitment to follow through and exceed minimum expectations is what makes an outstanding student into an outstanding

community member. The National and Community Service website, www.nationalservice.gov, describes the benefits of volunteering as follows, "The intangible benefits alone—such as pride, satisfaction, and accomplishment—are worthwhile reasons to serve. In addition, when we share our time and talents we: Solve Problems, Strengthen Communities, Improve Lives, Connect to Others, (and) Transform Our Own Lives."

Retirees are important members of our national and local volunteer force in so many community service areas. From time to time, I hear of RESDC members who volunteer and I like to share their good work in our newsletter. Recently, my local community paper reported on wonderful seniors who tutor young students in the Poway Unified schools. Jaque Baker, retired for about eight years from the County's Health and Human Services Agency (HHSA), was honored for five years of service. Jaque said she learned about the program "Seniors Helping Our Kids and OASIS Tutoring" while taking classes at OASIS. OASIS is a nationwide organization that offers programs of continued lifelong learning, healthy lifestyles and civic engagement for people age 50 and older. Jaque noted that it is wonderful to see how the kids thrive with the regular tutoring sessions. She mentioned another volunteer opportunity through OASIS, "Catch Healthy Habits", a program of healthy eating and physical activity for children. These programs are available in various parts of San Diego County for those willing to volunteer as little as one hour a week. For more information and to find an OASIS in your community please visit their website, www.oasisnet.org.

WELCOME NEW MEMBERS

Jasper C. Bishop	Sheriff
Guy M. DeLoura	Sheriff
Susan Evans-Rollins	Probation
Dominic Gutierrez	Sheriff
Victor B. Miles	
Cynthia Kourtis Miller	
Diana K. Neal	Sheriff
Vilma S. Nogra	Health & Human Services
Merle Rupp	Health & Human Services

July Calendar of Events

11—(Thurs.) RESDC Board of Directors Meeting
7860 Mission Center Ct., Suite 209, 9:30 a.m.

WHAT'S AN ASSUMPTION RATE?

By Stan Coombs, Benefits Committee Chair

What's a retirement assumption rate and why should you care? It's the rate at which earnings are expected to flow from an invested retirement fund each year, providing a basis for calculating how much of the cost must be paid by the employer and employee payroll deductions.

You should care because it heavily affects 61% of all public retirement system funding, \$2.9 trillion according to the U.S. Census Bureau, and the San Diego County Board of Retirement just dropped their rate a quarter-of-a-percentage-point, from 8.0% to 7.75%. That may not sound like much, but it's similar to saying that they expect to earn about \$23 million less from investments next year than they expected before they made the change.

Is that a crisis? No, but it's not small potatoes either. Since normal funding needed for the system that doesn't come from earnings must come from the County and County employees, it means County payments and County employee payroll deductions have to rise. The County estimates that every quarter-of-a-percentage point drop in the rate increases their current annual retirement bill about \$33 million. As yet there are no estimates of resulting increases expected in active employee payroll deduction rates.

To put that into perspective, a recent synopsis of the financial state of the County projected County retirement contributions increasing from \$268,000,000 in 2012 to \$420,000,000 in 2019, based on the former, 8% assumption rate. Two-hundred-sixty-eight-million is about 5.5% of their \$4.85 billion budget.

Should the Board of Retirement have decreased the assumption rate? An interesting question! Some high finance types have been saying so, pointing to the slow economic recovery and some large, public retirement systems that haven't done well in the market. There's also been considerable movement in that direction in the public retirement community, and, ultimately, their actuarial consultant, Paul Angelo, recommended it.

The National Association of State Retirement Administrators (NASRA) points out that of 126 public retirement plans they surveyed last March, almost half recently reduced their assumption rates. They also note that 8% remains the predominate rate, and 7.77% the average.

On the other hand, a look backward by NASRA (despite the familiar admonition that past experience is no predictor of future events), tells us median pension fund returns over longer periods meet or exceed the assumption rates of most plans, and the median annualized investment return for the 25-year period ending 12/31/2012, was 8.9%.

Our County system assumption rate remained at 8.25% for years until 2010-11, when it was dropped to 8%. Yet they enjoyed a 9% net return over the past 10 years and a 9.7% return over the past 25 years, periods that included the severe 2008 crash and slow recovery. For the shorter term, they report an 11% return over the first six months of 2012-13. And, now this additional drop in the rate approved on May 2nd.

(Continued on Page 6)

RIGHTS OF RETIREES IN 37 ACT COUNTIES

By George Shoemaker

Are you aware of your rights as a County retiree retired under the "County Employees Retirement Law of 1937" (1937 Act)?

To have a lifetime basic benefit pension under the Defined Benefit Plan.

To be informed in advance of any proposed changes to benefits after retirement.

Have the right to participate in any proposed changes to, and/or new benefits, after retirement.

Be provided annual information about the financial status of the retirement fund.

These rights assure:

1. That benefits that were part of a wage and benefit agreement, contract, or were granted at the time of employment, will be provided at time of retirement, unless other changes were negotiated during the working years.
2. That you are to be informed in advance of any proposed changes to benefits after retirement.
3. That you have the right to be represented and participate in any proposed changes to, and/or new benefits after retirement.
4. That you will be provided annual information about the financial status of the Retirement Fund.
5. That there will always be an elected retiree voice on the Board of Retirement and/or Retirement Board of Investments.
6. That the Alternate Retiree member of the Retirement Board has all the rights and privileges that the Regular 8th Retiree Member has except to vote when the 8th member is present.
7. That active employee groups are not able to negotiate away any retiree benefits.
8. That retirees be provided comparable services that the system provides active and deferred members (i.e.; education seminars, help with retiree issues, etc.)
9. That you have the right to share in the distribution of annual excess earnings.

For more details visit the RESDC website at www.resdc.net.

RESDC WANTS YOU ...AND YOUR FRIENDS!

What do PEPRA, PEPTA and SB13 all have in common? If your answer is public pensions, you're right.

The last few years, legislative proposals to change pensions have become commonplace. In fact, the U.S. Congress and several state legislatures are currently considering proposals that will affect employees, retirees, and their families.

How can your retirement security be protected? Join RESDC – today!

Our members know that RESDC works hard to protect the interests of County retirees. In addition to keeping our eye on what's happening nationally, we work closely with the SDCERA Board of Retirement, San Diego County Board of Supervisors, and the California Retired County Employees Association (CRCEA) to protect vested benefits.

By becoming a member, you add to our collective voice. In this era of budget cuts and reduced pension security, a strong voice is critical!

If you aren't a member, join today. If you are already a member, refer a friend.

Membership dues are \$5 per month. Call (619) 688-9229 or toll-free at (866) 688-9229 for enrollment forms or more information.

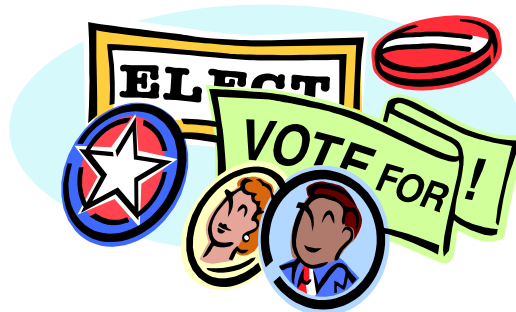
It's not too late to protect what you've earned!

Sincerely,

Denise Price
Executive Director

REFER A NEW MEMBER – GET A FREE BREAKFAST!

Until August 15, 2013, as a "thank you" for each new RESDC member you refer, we will send you a complimentary breakfast voucher redeemable at Twentyfive92, the restaurant at Courtyard by Marriott at Liberty Station.



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.

CALPERS LONG TERM CARE UPDATE

By Denise Price, RESDC Executive Director

In March, hundreds of RESDC members received notice of an 85% premium increase for their long-term care insurance sponsored by CalPERS. Because thousands of people statewide will be impacted by the unprecedented cost increase, the issue made it to the State Legislature.

On May 7, 2013, responding to statewide constituent concerns, the Assembly Committee on Aging and Long-Term Care held a hearing and discussed the issues facing the CalPERS Long-Term Care Insurance program (LTC). As a result of the hearing, Assembly member Yamada and several of her legislative colleagues formally requested that the CalPERS Board of Administration extend the May 29th deadline CalPERS set for enrollees to change their policies. Unfortunately, CalPERS refused to extend the deadline.

Meanwhile, Assembly member Mullin authored AB 373 which intends to increase the solvency of the LTC fund and improve its risk pool by expanding eligibility for the LTC program to include adult children and domestic partners of active or retired California public employees. Although this bill could bring in more premium dollars and increase program sustainability, it may not affect the planned premium increases discussed earlier. (The bill passed out of the Assembly on April 25 and is awaiting action in the Senate.)

RESDC, along with the California Retired County Employees Association (CRCEA), will continue to monitor this issue and provide updates as appropriate.

The CalPERS Long Term Care Program was established in 1995, and has over 148,000 members and approximately \$3.8 billion in LTC Fund assets. It is a voluntary, self-funded, not-for-profit program funded entirely by policyholder premiums and investment earnings. The Program is a tax-qualified plan under federal law and member benefits are exempt from federal taxation.

SUPPLEMENTAL BENEFIT ALLOWANCE UPDATE

By President Susan Mallett

At the Board of Retirement meeting held June 6, 2013, SDCERA's Chief Administrative Officer Brian White announced that the monthly Supplemental Benefit Allowance (SBA) paid to eligible Tier A retirees would be reduced by 50% effective with the July 31, 2013 pension allowance. As you may recall, the Board of Retirement voted in June 2010, to reduce the SBA monthly maximum-minimum benefit by \$50 to \$350-\$175 beginning in January 2011. 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 further.

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.

JULY FOURTH HOLIDAY

The RESDC office will be closed on Thursday, July 4, 2013 in observance of the Independence Day Holiday. The office will reopen for business on Friday, July 5 at 9:00 a.m. Please leave a message or an e-mail and the staff will be happy to get back to you on Friday, July 5.

SAVE THE DATE!! CHULA VISTA GENERAL MEMBERSHIP MEETING



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

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

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



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 at least once a year for free at www.annualcreditreport.com.

For information on what to do if you think you've become a victim of fraud or identity theft visit www.sdccu.com and search identity protection.



**Happy
 4th of July!**

IN MEMORIAM

Lawrence M. Adams	Superior Court
Alice Anderson	Municipal Court
Myron Bradburn	Sheriff
Helen L. Braswell	Surviving Spouse
Gloria Brown*	Human Resources
Edison C. Bruha	Sheriff
Juan E. Cephas	DSS
Patricia H. Cozens	Surviving Spouse
James R. Craig	Surviving Spouse
Jane A. Darnell	Surviving Spouse
Kenneth Fare	Probation
Lawrence E. Ford	Surviving Spouse
Robert A. Goggin	Air Pollution Control
Mary L. Harkins	Library
Stephen E. Hicks	Surviving Spouse
John Hoffman Jr.	Probation
Ronald R. Leduc	Treasurer-Tax Collector
F. Dale Marriott	District Attorney
Edmund McCambridge	Health & Human Services
John P. McLoughlin	Health & Human Services
Dorothy E. Milburn	Health & Human Services
M. Bernice Mudge	Health & Human Services
Arthur Owens	Surviving Spouse
L. Peterhansel	Probation
Eleanor Simmonds	Social Services
Margaret Slocum	Surviving Spouse
Clifton W. Soper	Health & Human Services
Carolyn F. Tilton	Assessor
James Wahl	Surviving Spouse
Maria G. Wells	Probation
John P. Williamson	San Diego Marshal
Frances R. Willits	Superior Court
Debra Woodburn*	Superior Court
Lawrence Yates*	Sheriff

***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.



Office Hours: 9 a.m. to 2 p.m. Tuesday, Wednesday, Thursday and Friday.
TELEPHONE: (866) 688-9229 Toll Free
FAX: (619) 688-0766
E-MAIL: resdc@resdc.net
Website: www.resdc.net
NETWORK is the official monthly newsletter of the Retired Employees of San Diego County, Inc. (RESDC), a private non-profit organization.

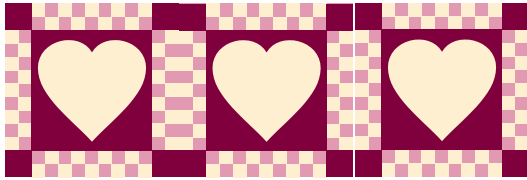
Business and Inquiries: Business matters and address changes may be recorded on the office voice mail at any time, call (866) 688-9229. Please spell your last name so the correct member record can be located.

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.

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San Diego, CA 92108-1329

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BITS AND PIECES

Andrew "Dale" Miller and his wife, Norma celebrated their 56th wedding anniversary in June at the Broadmoor Hotel brunch in Colorado Springs! Dale retired in 1991 from the Department of Information Services after 23 years with the County. Dale and Norma moved to Colorado Springs in 2002 and have found plenty of interesting trips and things to do in the area to keep them busy. Dale also celebrated his 80th birthday last month! They both miss some of their old gang in San Diego.

Vic Miranda and his wife, Regina, will be celebrating their 70th wedding anniversary at the end of this month! They will have a party at St. Columba Parish Hall. Vic retired from Public Works as a CO3. Vic also just celebrated his 92nd birthday last month!

Linda Johnson and her husband, Steve, celebrated their 30th wedding anniversary in June! Linda worked for Social Services and retired in 2001 after 11 years with the County. They live in Yuma, Arizona now and spend many months of the year traveling the country in their motor home.



What's An Assumption Rate? (Cont'd from page 2)

There are other reasons for fine-tuning assumptions rates besides trying to avoid increased contributions. That's the worst reason, according to Angelo. He says retirement and retirement financing are very long-term propositions requiring long-term strategies, changes to which should only occur when evidence portends long-term changes in circumstances.

While too-low an assumption rate - one lower than eventual earnings - causes current taxpayers and employees to be overcharged through too-high employer contributions and employee payroll deductions, too-high an assumption rate means the expected earnings aren't realized, employer and employee contributions are insufficient and a deficit results. And under state law, deficits are entirely picked up by the employer in subsequent years at the expense of future taxpayers. It's important to guess right.

What motivated the Board of Retirement to adjust the assumption rate? Were they simply responding to anxieties about the unknowable?

It's more sophisticated than that. Angelo didn't recommend the changes based on wet-finger-in-the-wind guesstimates. The proposal arose from calculations involving predicted inflation, the real rate of return, the cost of leverage, adjustments for expenses, and various risk factors. A level of confidence was then statistically calculated, which had previously been 55%. The Board of Retirement had been comfortable with that.

This time around, Angelo explained that in order to mathematically hold the confidence level at 55%, a reduction to a 7.64% assumption rate would be required, while a lesser reduction to 7.75% would slightly lower the confidence level to 53%.

After discussion, and following a failed motion to lower the assumption rate to 7.5%, a second motion to approve the Actuary's recommendation of 7.75% was approved.

San Diego County net retirement assets increased \$188 million during April, increasing fiscal-year-to-date gains to \$1 billion and total net assets to \$9.5 billion.