



NETWORK

Newsletter of The Retired Employees of San Diego County Since 1961

Vol. 46, No. 6

Honoring Yesterday—Protecting Tomorrow

June 2015

PRESIDENT'S MESSAGE

By Susan Mallett



Our April newsletter's Pension Facts column described recent remarks, made by the newest elected member of the Board of Retirement, about RESDC monthly dues deductions. At two different Board meetings, Trustee Begovich asked about the authority permitting deductions from pension payments and whether the RESDC dues deduction might be a reoccurring "gray" charge for a membership a retiree joined years ago

and has forgotten. She suggested an annual opt back-in for such deductions. SDCERA staff was asked to prepare a report on allowable pension deductions for a future Board meeting. That report was presented at the May 7th Board of Retirement meeting.

As you might expect, RESDC board members discussed the questions raised by Trustee Begovich and agreed a response to the entire Board of Retirement was warranted. Our letter to Board Trustees is reprinted on page 2. Our letter, submitted independent of the SDCERA staff report, lays out the same facts about dues deductions and elaborates on our on-going relationship with our membership thereby refuting the notion that members ought to opt back-in annually. Additionally, a public comment statement was presented at the May 7th meeting to emphasize the following important points about RESDC and our relationship with members of our retirement system.

Our organization was established 54 years ago by a dedicated group of retirees who advocated to protect the benefits of fellow retirees and that tradition continues today.

RESDC leaders were among the founders of the statewide organization, California Retired County Employees Association (CRCEA), that ultimately grew to include all 20 1937 Act County associations.

RESDC leaders were prominently involved in several important amendments to our retirement law including the elected retiree and alternate retiree members on the Board of Retirement as well as the provision for recognized retiree organization deductions from pension benefit payments.

RESDC representatives have attended Board of Re-

tirement meetings for decades, frequently commenting and always describing important board actions to thousands of retirees via our monthly newsletter and other forms of communication.

We survey our members often. Annual phone and online member surveys confirm the value to members of our monthly newsletter and other communications. The most recent results show that 92% of RESDC members were "satisfied" or "very satisfied" with their membership. Additionally, 78% identified RESDC as the only organization representing retiree interests.

In 1975, the first RESDC member dues were deducted from members' monthly pension allowances. Then as today, a retiree who joins RESDC may pay annually and a few hundred members do so.

However, 86% of our members have signed and filed a revocable written authorization to allow SDCERA to deduct RESDC monthly dues from their pension allowance.

The Trustees agreed with the SDCERA staff conclusion that current practices should remain in effect noting "currently, deductions continue until changed or revoked by the member. This practice is in compliance with Government Code sec. 31452.5" the provision of the 1937 Act Retirement Law defining authorized monthly deductions from pensions. Trustee Begovich did ask for a message on pension earning statements to advise retirees to review all deductions with instructions how to make changes if desired. This was described as member education and SDCERA staff agreed to include this message once a year in the earning statement message box.

We value our members trust and loyalty to RESDC. Each of our board members supports the mission to advocate for the interests of all retirees who worked for the County of San Diego. We will continue to monitor the activities and actions of our Board of Retirement. You can count on the writers and contributors to this newsletter to keep you apprised of the issues and challenges facing our retirement system.

Happy
Father's
Day



April 30, 2015

San Diego County Board of Retirement
2275 Rio Bonito Way, Suite 200
San Diego, California 92108-1685

Chairman Murphy and Members of the Board;

Several weeks ago Board Member Begovich, insofar as we understood her, requested a report outlining membership dues payment deductions, specifically singling out The Retired Employees of San Diego County (RESDC). She suggested that RESDC members be required to reauthorize such payments every year, implying that RESDC membership is somehow an involuntary "default" deduction or a "gray" charge of which members are not aware.

That staff report is expected at your next administrative Board meeting.

Those assumptions are simply untrue, and an annual reauthorization would constitute an expensive and onerous burden on RESDC and SDCERA, and serve no good purpose. Signed membership authorizations are revocable by individual members and should remain in full force as they intended. The 1937 Act describes a recognized retiree organization as one wherein the majority of the members of the organization are retired members of the system. All RESDC members are retired members of the County retirement system, excepting a very few active employees, who join as associate members to be apprised of retirement issues. The Act further allows for a variety of pension allowance deductions to a recognized retiree organization for dues and retiree benefit programs available through a recognized retiree organization.

County retirees become members of RESDC only when they sign a membership authorization card, requesting SDCERA deduct the \$5 monthly membership dues from their monthly pension benefit. These membership dues are much less than many employee organizations, where dues can exceed \$50 a month. Annual RESDC membership survey results show that 92% of RESDC members were "satisfied" or "very satisfied" with their membership. Additionally, 78% identified RESDC as the only organization representing retiree interests.

RESDC is particularly sensitive to the need to keep membership dues low, due to the limited income of many retirees. Several years ago, when the membership dues were increased, RESDC allowed existing members to grandfather-in their previous, lower dues if necessary. Members made that determination of their own volition, without qualification, and were so supportive of RESDC that the overwhelming majority chose to pay the new, higher \$5 dues.

Both SDCERA and RESDC make it a point to keep members reminded of their RESDC membership dues. How is that done?

SDCERA provides a monthly statement to every County

retiree, itemizing their monthly and year-to-date pension payments, and all deductions. The \$5 RESDC membership dues are clearly listed every month.

RESDC members are also reminded of their membership status every month when they receive The NETWORK newsletter in the mail. The NETWORK reports on retirement issues on-going at SDCERA, and at the state and national levels. Eighty-seven percent of members surveyed described the NETWORK as an excellent or good communications publication. The NETWORK is also provided to each member of the Board of Retirement so you can be aware of retiree views.

RESDC communicates more frequently to over 3,500 members who have provided their email addresses, sending E-mail notifications on items of special interest to retirees or issues that arise unexpectedly outside the deadlines for the published newsletter. RESDC also has FaceBook, Twitter and LinkedIn accounts and there is growing interest in using these social media applications to share information.

RESDC operates a managed RESDC web-site that includes organizational information, retirement items of interest to retiree members, and RESDC's communiqués to your Board. There were 12,950 visits to the web site in 2014, and almost 34,000 page views. Members stay connected, regardless of their residential locations.

For members living close enough to take advantage, RESDC arranges and conducts advertised membership meetings and social events in locations across the County on a regular basis. Attendance ranges to as many as 400 members.

All these connections remind members of their paid RESDC membership. RESDC members are intelligent, interested, informed, and aware of their decision to join and support RESDC. To ask them to repeatedly re-file their authorization for membership would be intrusive, expensive, and a classic case of a bad solution to a problem that doesn't exist. We ask that no such requirement be imposed on current County retirees, or future retirees who are now active employees.

Sincerely,

Susan Mallett
President

Cc: David Wescoe



June 21st
First Day of Summer!

PENSION FACTS RHODE ISLAND EMPLOYEES/RETIREES SETTLE, COMPROMISE FOR LESS

By Chris Heiserman, Director

The State of Rhode Island is attracting substantial media buzz over its controversial 2011 public pension reforms and resulting legal challenges from employee groups and retiree organizations. A settlement agreement affecting more than 60,000 current and past state employees recently garnered preliminary approval from the courts pending a public fairness hearing scheduled for late May.

While it's instructive to know how retirement benefit issues play out in other jurisdictions, comparisons between the pension funding problems in this small state and conditions for larger public retirement plans around the country are problematic. According to the Pew Center for the States, the funded ratio of Rhode Island's state pension funds was second lowest in the nation in 2010 at 49%. Also, the Rhode Island retirement system benefit levels were generally lower than other states even before the 2011 reforms raised the retirement age thresholds, reduced defined benefit plan levels, added a 401(k)-style defined contribution plan, and suspended automatic cost-of-living adjustments to retirees.

Many state and local pension plans are underfunded due to historically low market returns and failure of governments to make regular required contributions. Rhode Island participated in this trend and in addition made matters worse by enacting retroactive benefit increases without providing the funding to pay for them. Facing a \$6.8 billion unfunded pension liability in 2010, the state adopted a major overhaul of its retirement system that reduced benefits for both future and current employees and created a new hybrid system composed of a smaller defined benefit pension and a new mandatory defined contribution plan.

Predictably labor unions and retiree organizations challenged the benefit changes and a tentative settlement has been reached after months of negotiations.

The Employees' Retirement System of Rhode Island (ERSRI) is a defined benefit pension plan for state employees and teachers. Before the 2011 reforms (Rhode Island Retirement Security Act – RIRSA) employees had a standard defined benefit plan based on years of service and final average salary. An issue brief from the Economic Policy Institute (EPI) in 2013 said the original pension plan provided a guaranteed benefit of approximately 16% of average salary after 10 years of service and about 55% after 30 years. For example, a full-career employee with a final five-year average salary of around \$60,000 would get a pension of approximately \$33,500. Retirees under the original plan received an annual cost of living adjustment (COLA) linked to inflation and capped at 3% on the first \$35,000 of their pensions.

The 2011 reforms created a hybrid defined benefit/defined contribution plan. RIRSA suspended annual COLA payments to retirees until the aggregate fund ratio for

all state pension plans reaches 80% (except an interim COLA would be calculated at five-year intervals based on investment returns). It was reported by actuaries that RIRSA would increase the funded ratio of the state employees' fund to 59.8% and the teachers' fund to 61.8%.

Before RIRSA, benefit calculation multipliers ranged from 1.6% to 3% per year of service. After the reforms were effective, employees' previously earned benefits were frozen and going forward they would accrue benefits at only 1% per year of service, and they would be automatically enrolled in a 401(k) savings plan. The EPI briefing paper estimated that a typical 30-year future worker would see 14% less per year in pension benefits under the hybrid system. It suggested many future workers with less service years would fare much worse, depending on the returns realized from their 401(k) portfolios over their working years.

The proposed settlement would improve the defined benefit accrual rate for longer term employees, promises increased employer dollars to the 401(k) plan and waives the defined contribution administration fee for participants who make \$35,000 or less. Other terms of the settlement include:

- A one-time COLA payment of 2% applied to the first \$25,000 of the pension benefit for retirees who retired before RIRSA was effective;
- A shorter time between pension increase exceptions to suspended COLA payments (four years instead of five); and,
- A \$500 stipend (not added to COLA base) within 60 days for current retirees (or their beneficiaries) who will have retired by June, 30, 2015, and a second \$500 stipend payable a year later.

There's a subtle lesson to be derived from case studies like this. It's one that some California jurisdictions have already figured out. Find a way to avoid expensive and disruptive litigation. The most effective way to improve retirement security for public employees and the citizens they serve is for local cities and counties and their bargaining organizations to negotiate changes to benefit packages that balance fairness for active and retired workers with the reasonable ability of the public to pay for the valuable services it receives.

BITS AND PIECES

Jim Smyth and his wife, Marilyn, celebrated their 60th wedding anniversary in April. After retiring from the Navy, Jim worked for the County for 23 years. He retired in 1995 from the CAO's office where he was a Project Manager.

Trudy Shaw called to tell us that **Jacquelyn Webster** celebrated her 90th birthday last fall. Jacquelyn was Chief Nurse at Edgemoor Hospital and worked in Public Health.

June 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
8825 Aero Dr., Suite 205, 9:30 a.m.

18—(Thurs.) SDCERA Board of Retirement Meeting
2275 Rio Bonito Way, Suite 200, 8:30 a.m.

18—(Wed.) Flag Day Luncheon, General Meeting
Ronald Reagan Community Center, 11:00 a.m.
195 E. Douglas Ave., El Cajon, 92020



WELCOME NEW MEMBERS

Carol J. Allen	Health & Human Services
Joanne Evoy	District Attorney
Ellen S. Mantyla	District Attorney
Roseanne F. Russell	Health & Human Services

WHAT'S THE DIFFERENCE BETWEEN SDCERA AND RESDC?



Strength. Service. Commitment.

San Diego County Employees Retirement Association (SDCERA) is an independent government entity established by the County Employees Retirement Law of 1937 that manages the retirement benefit for 39,000 members, including eligible current and former employees of the County and participating employers

Mission—SDCERA's mission is to prudently manage the fund, efficiently administer benefits, and provide superior service to SDCERA membership.

Responsibilities—SDCERA administers retirement and associated benefits for County of San Diego Employees, and is responsible for collecting, depositing, investing, and managing the retirement funds.

Information—SDCERA's quarterly newsletters, *NEWS* and *EXTRA*, and website www.sdcera.org are valuable resources. Each keeps members informed of important information about their benefits, as well as information about the Board of Retirement and its monthly meetings.

Medical and Dental—In addition to administering retirement benefits, SDCERA also provides and manages SDCERA-sponsored medical and dental care for its retired members.

Contact Info—The SDCERA office is open Monday through Friday, 8:00 a.m. to 5:00 p.m. SDCERA can be reached at 619-515-6800 or 888-4-SDCERA. Or visit www.sdcera.org.



Honoring Yesterday. Protecting Tomorrow.

Retired Employees of San Diego County, Inc. (RESDC) is a non-profit organization with more than 6,500 members, working on behalf of San Diego County retirees to watch over and protect their interests.

Mission—RESDC's mission is to advocate for retiree interests and provide pertinent information, social opportunities, and services for its members.

Responsibilities—RESDC provides member news, advocacy information regarding retirement benefits, social activities, and scholarship fundraising. RESDC represents members' interests at Board of Retirement and other meetings.

Information—RESDC's monthly newsletter, The NETWORK, and website www.resdc.net keeps members informed of SDCERA Board of Retirement actions, legislation, retiree reunions, RESDC membership meeting information and retirement related activities.

Supplemental Benefits—RESDC offers benefits such as dental, vision, and pet insurance programs.

Contact Info—The RESDC office is open Monday through Friday, 9:00 a.m. to 2:00 p.m. RESDC can be reached at 619-688-9229 or 888-688-9229. Or visit www.resdc.net.

PENSION FACTS AT A GLANCE

18 Years

Approximate average years of service credit of members at retirement in 2014.



2015 RESDC SCHOLARSHIP RECIPIENTS

By Carlos Gonzalez, Scholarship Chair

Congratulations to the five recipients of the \$2000 scholarships awarded by RESDC this year. They are as follows in alphabetical order:

Alicia Huerta, Otay Ranch High School, Chula Vista, CA, sponsored by Rita Holleron, grandmother.

Ryan Murphy, Calvary Murrieta Christian Schools, Murrieta, CA, sponsored by Cathleen Murphy, grandmother.

Haley Petitt, Vista High School, Vista, CA, sponsored by Martha Webber Dix, grandmother.

Kalani Prokop, Cathedral Catholic High School, San Diego, CA, sponsored by Maria Arroyo, mother.

Madeline Tucker, Bonita Vista High School, Chula Vista, CA, sponsored by Ellie Cansicio, grandmother.

A special \$250 Community Service Scholarship in Memory of **LaRue Pierce**, long time RESDC Scholarship Chair is awarded to **Kalani Prokop**.

Thank you to the Scholarship Committee members, **Joan Liddell, Anne Schwartz, and Heather Temple** for their time and effort in evaluating each participant. Their work is much appreciated.

Look for a special 2014 Scholarship article in a future issue of the NETWORK.

IN MEMORIAM

Cathy Augustine	Sheriff
Thomas R. Basinski	District Attorney
Mary H. Benham	Surviving Spouse
Carmen M. Callahan	Health Services
Jackie Castanos	Health & Human Services
Frank A. Davis	Social Services
Bobbie Durst	General Services
James Dwyer	Health & Human Services
Teri Eden	Surviving Spouse
Elizabeth Ewan	Edgemoor Hospital
Lawrence Findley	Auditor/Controller
Charles E. Fleming	Environmental Health
James Foreman	Fleet Maintenance & Support
Charles Frisch	Health & Human Services
Pearl P. Haws	Welfare
Robert D. Hott	Public Works
John Jones	Public Works
Neil Kellogg	Community Service Agency
Gary P. Kendrick*	Environmental Health
Elizabeth Levikow	Health & Human Services
Russell H. Lively	General Services
Donna McClintock	
John S. McKee	Planning & Land Use
Edward R. Miller	Health & Human Services
Geraldine Miller	Surviving Spouse
Donna Nilson	Surviving Spouse
Lila L. Parrott	Surviving Spouse
Elizabeth Ridenour	Welfare
Eugene Rodriguez*	Public Defender
John E. Schorr	Probation
Commer H. Skipper	Health & Human Services
Gene J. Slauch	General Services
Robert Stuart	Public Works
Terry L. Taylor	Sheriff
Albert Truchin	District Attorney
Milton D. Winger	General Services
Cary Wright	Purchasing

*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 (866) 688-9229.

MEMBER PRIVACY

Any retiree or surviving spouse who doesn't 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 am to 2 pm, Monday through Friday
TELEPHONE: (866) 688-9229 Toll Free
FAX: (619) 688-0766
E-MAIL: resdc@resdc.net
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 Inquires: 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.
 8825 Aero Drive, Suite 205
 San Diego, CA 92123

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GENERAL MEMBERSHIP MEETING FLAG DAY LUNCHEON



- THEME:** PATRIOTIC MUSIC SUNG BY THE SUN HARBOR CHORUS
- WHEN:** THURSDAY, JUNE 18, 2015, 11:00 A.M.
- WHERE:** RONALD REAGAN COMMUNITY CENTER
 195 East Douglas Avenue, El Cajon 92020
- WHAT:** LUNCH—\$10 per person

Menu: Teriyaki Chicken, ham, salads, fruits, vegetables, desserts, coffee or tea. To join us for lunch, please complete the form below, include the name of person(s) attending, and send a check for \$10 per person, payable to RESDC at 8825 Aero Dr., Suite 205, San Diego, CA 92123. **Reservation forms must be received in the RESDC office by Friday, June 12.** Hall limit is 200, so get your reservations in as soon as possible. Name badge and raffle ticket packets should be picked up at the registration table at the luncheon. They will not be mailed.

FLAG DAY LUNCHEON RESERVATION FORM

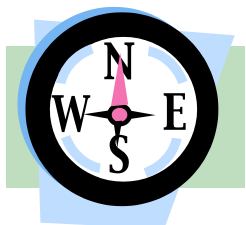
Member's Name _____ Telephone # _____

Name of Guest(s) _____ # of Reservations at \$10 each _____

Total Enclosed _____ E-Mail: _____

Department and Year Retired _____

DIRECTIONS TO RONALD REAGAN COMMUNITY CENTER 195 EAST DOUGLAS AVE EL CAJON, CA 92020



The Ronald Reagan Community Center is located one block south of E. Main Street, El Cajon, directly off Magnolia Ave. Take I-8 to Magnolia Off-Ramp, go south to E. Douglas and turn left. Parking is available in the front and back of the center.