



NETWORK

Newsletter of The Retired Employees of San Diego County Since 1961

Vol. 46, No. 5

Honoring Yesterday—Protecting Tomorrow

May 2014

GENERAL MEMBERSHIP MEETING FLAG DAY LUNCHEON

THEME: A PROGRAM OF PATRIOTIC MUSIC PRESENTED BY
FOOTHILLS ADULT SCHOOL SINGING GROUP

WHEN: WEDNESDAY, JUNE 4, 2014, 11:00 AM

WHERE: RONALD REAGAN COMMUNITY CENTER
195 East Douglas Avenue, El Cajon 92020

WHAT: LUNCH—\$9.00 per person.



Menu: Teriyaki chicken, ham, pasta, 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 \$9.00 per person, payable to RESDC at 8825 Aero Dr., Suite 205, San Diego, CA 92123-8825. **Reservation forms must be received in the RESDC office by Monday, June 2.** Hall limit is 200, so mail your reservations in as soon as possible. Tickets should be picked up at the registration table at the luncheon. They will not be mailed. **Directions to the Ronald Reagan Community Center are found on Page 2.**

Name of Member _____ Telephone # _____

Name of Guest(s) _____ # of Reservations at \$9.00 _____

Total Enclosed _____ E-mail: _____

Department and Year Retired _____

PRESIDENT'S MESSAGE

By Susan Mallett



If this month's article had a title, it might well be "Changes Are In The Wind." Our association has anticipated and unanticipated events in our future that are noteworthy.

Our computer and editorial committees have been busily compiling and prioritizing features for our re-designed website. In March, we contracted with a web designer and committee members have reviewed a test site with the new

theme, layout and improved navigation structure. A bit "techie" I know, but I didn't want my new vocabulary to go to waste. In the past few weeks, RESDC members in our email database were invited to visit our new website. I hope

all will agree that the website is more dynamic and provides useful information and resources for our members. The website can be accessed via our same web address of www.resdc.net.

Last fall we began a property search for new RESDC office space. For the past two years, we have occupied two separate spaces and desired a work environment that would allow for better communication and coordination for our staff. After tremendous work and time by our Executive Director and a commercial realtor, we have signed a lease for a larger office that is centrally located on Aero Drive and easily accessible from freeways 163 and 15. Moving day is set for May 3rd.

Now for the unanticipated change, Denise Price our first Executive Director, is leaving us. In a short 16 month period, she has fine-tuned our association operations and efficiently managed the day to day activities to provide support to our board and members. She moved us forward in so many ways.

(Continued on Page 6)

May Calendar of Events

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

8—(Thurs.) RESDC Board of Directors Meeting
7860 Mission Center Court, Suite 209, 9:30 am

13-16—(Tues.-Fri.) SACRS Conference, Sacramento

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

HOW THE BIG BOYS INVEST

By Stan Coombs, Benefits Committee Chair

“You simply can’t overstate the importance of getting this right.” “Risk is not the result of returns, it’s the driver of returns!” “You take the risk, you get the return.”

The speaker was Scott Whalen, of Wurts Associates, the San Diego County Board of Retirement General Investment Consultant. The location was The Crown Plaza Hotel in Mission Valley and the subject was, “Selecting a Strategic Asset Allocation.”

The March 20, 2014 Board Retreat was commencing, and a periodic review of the Board’s Asset Allocation Plan had started. About 50 people were in the room.

Whalen defined risk as volatility, and volatility as the investor’s potent enemy, yet necessary to increase returns. He reported that a \$1 billion portfolio earning 8% with no volatility, could earn only 7.5% and 6%, with 10% and 20% volatility, respectively (reducing earnings by \$500 million and \$1.5 billion on that amount.)

Whalen also noted that major losses are common. There’s a 45% chance of experiencing a 30% loss every ten years (see April 2014 NETWORK article, “Retirement Debt: Is It Real? Is It Manageable?”) It’s important for the Board of Retirement to decide how much risk members are willing to assume.

More discussion, including descriptions of the characteristics of, and obligations to, the member base, about the numbers of retired vs. actively employed members projected over the next six decades, and about levels of employee and employer contributions required over that period to pay normal costs and unfunded liabilities.

And then, a snapshot of the County’s economic vitality - overall, a pretty good picture. Fitch Ratings, Moody’s and Standard and Poor’s are all positive, rating San Diego County AAA or near, in every financial category.

Employment above state levels and rising steadily - wealth and income indicators above average - very large economy that’s slowly improving - strong fiscal position - consistent and solid financial management - strong diverse economy - 2012 County reserves equal to 23.9% of expenditures - very strong cash levels - extremely strong market access - very strong management and financial pol-

icies - strong debt and liability position.

Only a weak recovery from the crash and unemployment above the national level were listed as challenges.

The first session of the day ended with individual Board members estimating their risk comfort levels, “low, medium or high,” leading to the total Board’s risk tolerance, “low to moderate.”

So how does that translate to the Board of Retirement investment portfolio?

Most of us have heard the mantra about diversification, “Don’t put all your eggs in one basket.” If portfolio funds are spread across different kinds of investments, market conditions driving one investment down hopefully won’t impair another, maybe even cause it to rise. Investment classes that usually rise and fall together are said to be correlated. Smart investors distribute their funds into different classes that are not correlated.

But, a major decision for any large investor is, “What classes of investments will they purchase, based on their risk comfort level, the risk characteristics of each class and the package of classes taken together?” A bit more complicated than a basic 60% stocks/40% bonds strategy.

Our current retirement portfolio is allocated to an array of ten investment classes plus a sizable cash reserve, Treasury Bonds, TIPS (Treasury Inflation Protected Securities), Commodities, Real Estate, Private Equity, Large Cap U.S. Equity, International Large Cap, Emerging Markets, High Yield Fixed Income and Emerging Market Debt. Excepting Treasury Bonds (40%), Private Equity (15%) and cash (20%), no more than 10% of the portfolio is in any one category.

Yet, according to Wurts, 66% of our calculated risk comes from the 25% Equity, due to hidden leveraging within the stock issuing firms. How is this dealt with?

(Continued on Page 6)

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★ **FLAG DAY LUNCHEON 2014** ★

★ **Wednesday, June 4, 11:00 am** ★

★

★ RESDC’s Flag Day Luncheon is scheduled for ★

★ Wednesday, June 4th at Ronald Reagan Commu- ★

★ nity Center in El Cajon. (195 East Douglas Ave.) ★

★ The theme this year is a patriotic music program, ★

★ sung by Foothills Adult School Singing Group. ★

★ Be sure to get your reservation mailed in early! ★

★ (See reservation form on page one.) The cost of ★

★ the Flag Day Luncheon is \$9 per person. ★

★ Directions to Ronald Reagan Community Center: ★

★ The center is located one block South of E. Main ★

★ Street in El Cajon, directly off Magnolia Ave. Take ★

★ Interstate 8 to the Magnolia off-ramp, go south to E. ★

★ Douglas and turn left. Parking is available in the ★

★ front and back of the center. ★

★

PENSION FACTS

By Chris Heiserman, Director

So-called conventional wisdom alleges that Social Security won't be there for today's young workers. This is certainly a possible scenario since Congress doesn't seem to have the political courage to tackle the huge fiscal challenges of Social Security's long term sustainability. And yet there is probably no other program that touches so many American lives.

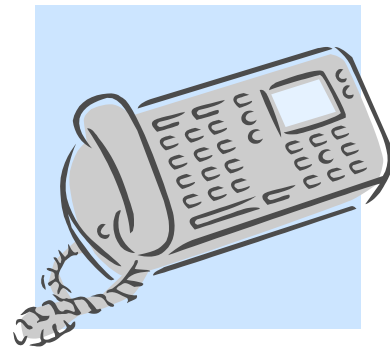
Anyone who has a vested interest in how the overall pension reform debate unfolds should be aware of the key role Social Security plays for so many citizens, taxpayers and voters. Here's some basic background.

Social Security is part of the retirement plan of most Americans, but it is not just about retirement. According to the Social Security Administration's website (<http://www.ssa.gov/>), 96% of workers are covered by the program and most of those will receive retirement benefits. However, many others receive Social Security because they are disabled, or a spouse or child of someone who gets Social Security, or a spouse or child of a worker who died.

In a March interview with the Editorial Board of the Union Tribune, Carolyn W. Colvin, Acting Commissioner of the Social Security Administration, reported that that program provides \$850 billion a year in benefits to 62 million beneficiaries a month. She said the program has a disability trust fund, as well as a retirement trust fund. The retirement fund can pay benefits and still have reserves through 2033, she said, but the disability fund is expected to exhaust reserves by 2016! When asked if there were plans to deal with this looming fiscal crisis, she said there were proposals but the Treasury Department was the lead agency. Bottom line: it will have to be fixed by Congress.

On the retirement side, everyone should know by now that Social Security was intended as a "safety net" program and never intended to be a primary source of retirement income. It is supposed to supplement a retiree's savings, investments, pensions and insurance. According to Ms. Colvin in her U-T interview, the maximum monthly benefit is only \$2,300 (\$27,600 a year) and the average is about \$1,200 (\$14,400 a year). Still, many Americans apparently rely heavily on these benefits. Colvin reported that 53% of married couples and 74% of unmarried people rely on it for half of their retirement income. She said 46% of unmarried recipients rely on it for 90% of their income.

The Social Security website has a wealth of background information and details about its programs. As a rule of thumb, they suggest Social Security will replace about 40% of an average wage earner's income in retirement, and most financial advisors say retirees will need 70% or more of pre-retirement earnings to live comfortably. Most public employees will be looking at a brighter future than this, but it is in everyone's best interest that Social Security programs remain financially sound and continue to help those in need.



RESDC OR SDCERA: WHO TO CALL FOR ANSWERS?

Many retirees are unclear about the differences between RESDC (Retired Employees of San Diego County) and SDCERA (San Diego County Employees Retirement Association.) Understanding the differences will assure that you contact the appropriate group for answers to your questions.

RESDC is a non-profit membership group for County retirees. **Contact RESDC for information about:**

- RESDC Membership
- RESDC Scholarship Program
- Ameritas and MetLife Dental Plans
- VSP (Vision Service Plan)
- HearPO (Hearing Aid Discount)
- Pet Insurance
- Homeowner's Insurance
- Auto Insurance
- Travel Insurance
- Legal Shield
- General Membership Meetings and Lunches
- See's Candies discounts
- New Recreational Discounts
- NETWORK (The monthly newsletter)

Contact RESDC by phone at (619) 688-9229 or (866) 688-9229. By e-mail, at resdc@resdc.net. Or write to 8825 Aero Dr., Suite 205, San Diego, CA 92123. RESDC's web address is www.resdc.net.

Contact SDCERA for information about:

- How to change your beneficiary
- Working after retirement
- Direct Deposit
- Survivor Benefits
- Dissolution of marriage
- Tax withholding form and information
- Health allowance, health insurance reimbursement and SDCERA health plans and forms.
- STAR COLA
- Tier levels

Contact SDCERA by phone at (619) 515-6800 or (888) 473-2372.

By e-mail at : communications@sdcera.org.
SDCERA's web address is www.sdcera.org.



FROM THE EXECUTIVE DIRECTOR'S DESK

Dear Members,

Writing my final column brings rise to many mixed feelings. I'm sorry to announce that I am leaving RESDC on April 15, 2014. I have accepted the opportunity to continue my public service as District Director for Assembly Speaker-Elect Toni Atkins.

I am very grateful for the opportunity to serve as the first Executive Director of RESDC and to help move the organization forward. In today's environment, our work to protect the interests of retirees is more important than ever and I will take that knowledge and experience with me to the State.

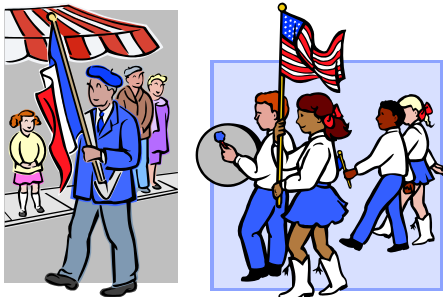
I'm proud to have led the only organization that represents County of San Diego retirees. Building on RESDC's sturdy fifty-year foundation, combined with the dedication of our board members, we made significant strides the last 16 months. After developing our strategic plan, we worked diligently to implement high priority organizational goals including redesigning our marketing materials, launching our new website and raising our visibility among key stakeholders. These successes, among other policy and procedure changes, will support membership growth, raise our collective voice and increase our influence. Of course, there is still much to do.

Thank you to everyone who helped make these accomplishments possible. In particular, I want to thank President Susan Mallett who has been an incredible mentor and a dedicated leader. I will miss working with our hard-working office staff and our committed board of directors whose passion for our mission is contagious. And I will miss working with you, our members. Thank you for your public service and for my opportunity to serve you.

With gratitude,

Denise Price

Memorial Day May 26th!



HELP FOR SENIORS

By Jim Teeter, Editor SDG&E Retiree Times

Through more than 400,000 annual connections with customers, 2-1-1 serves the entire population of San Diego and Imperial counties as the region's primary connection to more than 6,000 community, health and disaster services. In more than 200 languages and dialects, 24 hours a day, they provide connections to services ranging from food assistance, healthcare information, services for families, children and seniors, military and veterans.

By dialing 2-1-1, customers are linked to a live, highly-trained Customer Service Representative (CSR), who helps clients navigate resolutions to their needs using assessment and motivational interviewing. This helps to match them to the best and closest resource in their community and empower them to take the next step.

During a disaster, 2-1-1 serves as the region's connection to community and support services, providing public information to the community, rumor control and trend analysis to public safety officials. They also report community needs, relieving the burden on 9-1-1 operators, and serve as the central communications point for other agencies and organizations.

For our nonprofits, community-based agencies and governmental entities, 2-1-1 can alleviate administrative burden and reduce costs associated with managing information and referral services. This allows these organizations to focus on serving, rather than finding clients. In addition, 2-1-1 is a trusted data provider to help local government, business and nonprofit leaders make informed funding and planning decisions.

Need financial assistance? Food? Need daycare for your grandkids? Please dial 2-1-1 or go to www.211sandiego.org. They are here to help.



WELCOME NEW MEMBERS

- | | |
|--------------------|-------------------------|
| Irene Cash Clayton | Health & Human Services |
| Marin F. Garrison | Waste Water Department |
| Edward Isacco | Sheriff |
| Wendy Krusheski | Sheriff |
| Richard Simica | Sheriff |

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, Joe McGuire
 John McTighe, Janel Pehau
 George Shoemaker, Mila Thurber

OFFICE STAFF.....Karen Hazel
Benjamin Hemmings

NETWORK EDITOR...Karen Hazel



Summer is right around the corner and it's not too late to start saving for your next vacation. San Diego County Credit Union's products and services make saving easier than ever. It could be as simple as setting up a new savings account, using our 30,000 surcharge-FREE CO-OP ATMs, refinancing to a lower interest rate or saving money on postage by paying your bills online.

Start saving for your goals today. Visit sdccu.com, call (877) 732-2848 or come into any of our convenient branch locations.

**RESDC OFFICE CLOSURE
 Moving Days: Friday, May 2
 And Monday, May 5**

The RESDC office will be closed on Friday, May 2nd and Monday, May 5th in order for the association to make a smooth transition into our new office on Aero Drive. We will reopen on Tuesday, May 6th at our new location at 8825 Aero Drive, Suite 205, San Diego, 92123.



IN MEMORIAM

Janie B. Anderson
 Janet Augestad
 Julieta Casillas
 Stephen M. Cohan
 Eleanor M. Cramer
 Edna Crandall
 Patricia D. Delany
 William K. Dresser
 James W. Erwin
 Frank Fowler
 Kenneth Garrigan
 Mary E. Grabski
 James N. Healy
 Daniel J. Hoffman
 Linda P. Hughes
 Beatrice Kellogg
 Walter C. Ladwig
 Elsie Lawson
 Fred Longfield
 Geraldine C. Lynn
 Ernest Marchword
 Karen B. Martin
 Wayne V. Matilla
 Bettie A. McGoyne
 Mary McZeal
 Geraldine Norman
 Sylvia W. Orgren
 Lee E. Pearson
 Monica Perez*
 Donald L. Phillips
 Tonina Ponton
 Judith Richardson
 Laura M. Roberts
 Ellen C. Root
 Marjorie Shuffler
 Mary L. Small
 Frank Special
 Jasmin Tacal-Cramer*
 Jane Toombs
 Olive K. Truesdale
 Laura J. Walton
 William M. Watson
 Antonia Zent

Public Works
 Information Services
 Surviving Spouse
 Public Defender
 Probation
 Surviving Spouse
 District Attorney
 Health & Human Services
 Air Pollution Control
 Sheriff
 County Clerk
 Superior Court
 General Services
 Health & Human Services
 Registrar of Voters
 Probation
 CAO
 Registrar of Voters
 Health & Human Services
 Social Services
 General Services
 Health & Human Services
 Public Works
 Housing/Comm. Devel.
 Health & Human Services
 Public Works
 Surviving Spouse
 Marshal
 Health & Human Services
 Public Works
 County Clerk
 Health & Human Services
 District Attorney
 Health & Human Services
 Public Works
 Municipal Court
 Parks & Recreation
 Superior Court
 Surviving Spouse
 Surviving Spouse
 Surviving Spouse
 Probation
 Surviving Spouse

* 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 (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 a.m. to 2 p.m., Monday through 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 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 Dr., Suite 205
San Diego, CA 92123

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How The Big Boys Invest (Continued from Page 2)

Enter Risk Parity, one of many strategies available and one viewed fondly by our Portfolio Strategist, Salient, is said to address this contradiction by decreasing investments in higher risk categories and increasing investments in those carrying lower risk, at least arithmetically averaging the overall volatility within an acceptable range. The Board of Retirement has implied their volatility comfort level is about 9%.

But changes are afoot. Salient is now proposing to eliminate or reduce Treasury bonds, emerging market and hedge fund investments, and increase investments in U.S. core fixed income and private credit. That's predicted to raise volatility from 9% to 9.8%, but returns from 7.3% to 7.9%. The .6% difference could mean \$58 million. Another \$10 million savings is predicted from resulting lower fees. The Board is considering. . . .

San Diego County retirement net assets increased \$203.4 million during February, increasing fiscal-year-to-date gains to \$632.1 million and total net assets to \$9.7 billion.

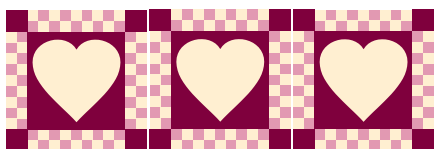


Happy Mother's Day!
May 11

President's Message (Continued from Page 1)

Through Denise's expertise in community relations and communications, she established relationships with County leaders, as well as with other retiree and employee groups such that the association's position with our strategic retirement partners is greatly enhanced. We certainly wish her well as she returns to work for Toni Atkins, now State Assembly Majority Leader, and look forward to having a "friend of retirees" in Sacramento.

We have a solid strategic plan to carry us forward thanks in great part to Denise. Our recruitment/selection process begins with positive proof that our association's new structure of a Board of Directors and an Executive Director works well for the benefit of our members. As you read this newsletter, interviews should be underway for our next Executive Director.



BITS AND PIECES

B.H. "Bob" Hoffmaster worked in the Sanitation and Flood Control Department. He retired after 19 years with the county in 1979. Bob then moved to Colorado and worked in the Denver region for Urban Drainage and Flood Control. He retired in 1991. He and his wife, Nancy, enjoy doing volunteer work, traveling, and spending time with their grand and great-grandchildren.



Happy Spring!