



NETWORK

Newsletter of The Retired Employees of San Diego County Since 1961

Vol. 44, No. 10

Honoring Yesterday—Protecting Tomorrow

October 2013

PRESIDENT'S MESSAGE

By Susan Mallett



In August, we held a general membership meeting in Chula Vista with an informative presentation, Estate Planning 101. The 50+ attendees heard from attorneys representing the three firms that provide discounted trusts for RESDC members. Presenters were attorneys Kevin Day of Day and Associates in Solana Beach, Scott C. Soady of the Law Office of Scott C. Soady in Rancho Bernardo, and Larisa Wilmert of

Lopez and Wilmert in La Mesa and Chula Vista.

It is natural to put off thinking about and documenting your decisions of how your assets should be distributed upon your death. The attorneys provided a number of reasons why it is important regardless of the value of your personal assets. For the benefit of all our members, I want to share some of the highlights of this presentation and urge you to visit the firms' websites, provided at the end of this article, for more information on trusts.

Your final wishes can be laid out in a will; however, if the value of your total estate is more than \$100,000 (current amount) the distribution of your assets will be decided by a probate court. This process is expensive, involving an attorney and mandatory fees, and reduces the amount received by your beneficiaries who will wait an estimated nine to 24 months to receive their inheritance. Placing your assets in a revocable trust can avoid probate and you continue to have full control of your assets during your lifetime. You designate a trustee who will manage your assets and distribute them upon your death in accordance with your directions set out in the trust. Attorney Soady cautioned that a trust could be a disadvantage for one who knows there will be conflict and contention among the beneficiaries. In such cases, a probate court's supervision might be necessary to ensure your wishes are carried out.

The Living Trust is a comprehensive set of documents including the following important items. A Power of Attorney for funding, designating a person to manage your finances when you cannot, a pour-over will that covers assets that may have been omitted or acquired later, and an Advanced Health Care Directive which is your instructions on your care in the event of incapacity. Attorney Wilmert

noted that this legal health care document also protects you if you are incapacitated as you avoid a court-ordered conservatorship.

All three attorneys noted that inheritance laws change periodically so Living Trusts should be reviewed every few years or when your life events change. Finally, attorney Day described a useful document, a letter of last instruction which lets your trustee know who should be contacted upon your death (official notifications to agencies such as banks, insurance, etc., and personal contacts.) A trustee who may be one of your children may not know all of your closest friends and shouldn't have to go through your address book, etc. This document might also include bank and stock accounts with personal passwords and pins as necessary. He added the Living Trust notebook should be secured in your home, in a place known to your trustee, but not in a safe deposit box which would likely require a court order to access.

This is certainly a very brief overview of a morning presentation by the estate planning attorneys who provide a deeply discounted Living Trust service to RESDC members. Each attorney's office will review your existing trust for a reduced fee as well. The current fee of \$750 is being reviewed for an increase, as this service has been provided for three years to many satisfied RESDC members. Our website will soon contain all updates but in the meantime, I encourage you to visit the attorneys' websites for greater detail into this important set of documents for you and your heirs. Attorney Day's information is found at www.day-law.com, Attorney Soady's website is www.help411.com, and Attorney Wilmert's firm is found at www.lopezwilmert.com.



At the August RESDC General Membership Meeting Attorneys Kevin Day, Scott Soady, and Larisa Wilmert spoke about Estate Planning. Photo by Miila Thurber, RESDC Director

October Calendar of Events

- 3—(Thurs.) SDCERA Board of Retirement Meeting**
2275 Rio Bonito Way, Suite 200, 8:30 am
- 9—(Wed.) RESDC Health Fair/Picnic**
Admiral Baker Field, 10 am
- 10—(Thurs.) RESDC Board of Directors Meeting**
7860 Mission Center Ct., Suite 209, 9:30 am
- 17—(Thurs.) SDCERA Board of Retirement Meeting**
2275 Rio Bonito Way, Suite 200, 8:30 am
- 20-23—(Sun.-Wed.) CRCEA Conference Fresno County**
- 25—(Fri.) Deferred Compensation Retirement Fair**
5520 Overland Ave., San Diego, 11:30 am-1:30 pm

SO YOU THOUGHT YOU UNDERSTOOD INTEREST RATES

By Stan Coombs, Benefits Committee Chair

Most of us do think we understand interest rates. The concept's simple, isn't it? Interest is the cost of renting somebody else's money when we think we don't have enough of our own.

We make major purchases this way, houses, cars, and sometimes - perhaps less wisely - lesser purchases we think we have to make now before we've saved the amount needed. Many retirees are on the other side of the deal when they've loaned their money to someone else and depend on bond interest payments to live on.

Higher interest rates cost us more when we borrow, but provide more income when we invest in those interest-bearing bonds. Interest rates aren't like most costs, rising in an inflationary spiral and rarely falling. They can rise and fall dramatically depending on complicated economic circumstances and actions of financial regulatory agencies.

The Federal Reserve Bank of New York shows Federal Funds rates, slightly underlying those charged to sound depository institutions on a very short-term basis, decreasing by a factor of 79(!) from 20% in December 1980 to .25% as this is written.

Retirees should be familiar with at least three types of interest rates, nominal interest rates, real interest rates and effective interest rates, according to Mark Cussen, in his article, "Understanding Interest Rates: Nominal, Real And Effective." Nominal rates are simply those stated as a percentage of the principal borrowed. Real interest rates describe what the lender receives after inflation is factored in, which reduces the value of money repaid in the future. And, effective interest rates describe what the lender receives with compounding. Something similar is the annual percentage rate (APR) listed on most personal loan documents.

Loans with frequent compounding periods are more expensive than loans that compound annually and bonds with low real interest rates may be poor investments over time.

Interest rates indirectly affect disparate elements of the economy in ways that seriously impact retirees.

Increasing the Federal Funds rate increases the cost of bor-

rowing money from the Fed, which means banks, mortgage lenders, credit card companies, etc. pay more and have to charge more, decreasing the amount of money their customers have for other purchases. Businesses then sell less to those less affluent customers and experience reduced income and higher borrowing costs, all of which may hamper their borrowing, growth and future profits.

Interest rates affect stock prices, which are often valued based on projected future cash flow discounted back to the present. If higher borrowing costs are seen as hampering a company's growth and future cash flow, that can lower a company's stock price, and if enough companies share that experience the entire market is affected.

Increased interest rates change the investment risk factor by making newly issued bonds more attractive than earlier issues with lower rates, reducing the market value of older bonds. And, since the stock market seems more problematic and bonds are a relatively safer investment, interest rates on the new bonds rise, making them more attractive and increasing the total return needed to attract investment in the riskier stocks.

So, how are interest rates determined? Reem Heikal, writing for Investopedia, describes it as a factor of the supply and demand of credit. An increase in the demand for credit raises interest rates and a decrease in the demand, decreases them. An increase in the supply of credit (money made available to borrowers) reduces interest rates and a decrease in the supply increases them.

Heikal also notes that higher inflation causes interest rates to increase because lenders want higher compensation to offset the decrease in purchasing power of the money they'll be repaid in the future.

But, government still has a role in setting interest rates and often does so to control inflation caused by too much money chasing too few goods, in the words of another writer.

The U.S. Federal Reserve influences the rate by buying or selling previously issued U.S. bonds. When they buy back securities, they inject more cash back into the system than can be loaned out, causing interest rates to decrease. When the Fed sells securities, they drain money out, reducing funds available for loans and causing interest rates to rise.

Most readers are familiar with the Federal Reserve's current policy of purchasing securities to keep interest rates extraordinarily low to encourage economic growth and jobs, helping borrowers but stressing small investors. How long does that last?

SDCERA net retirement assets increased \$155.5 million during July, the first month of the new, 2013-14 fiscal year, increasing total net assets to \$9.2 billion.



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NETWORK EDITOR...Karen Hazel



San Diego County Credit Union continues to be an active community partner and is proud to support more than 75 non-profit organizations and local events each year. SDCCU® will be returning as the presenting sponsor of the 7th annual Shamu & You Family Walk, which benefits Rady Children’s Hospital San Diego, taking place Saturday, October 5 at SeaWorld®.

We couldn’t be as involved in the community without your support. Open your account in ten minutes or less at sdccu.com. For more information on this event and all of our community involvement, please visit facebook.com/SDCCU or sdccu.com and search community.

IN MEMORIAM

Madeleine Alexander	Transportation
Georgette M. Alvarez	Surviving Spouse
William M. Anderson	Probation
Martin C. Breceda	General Services
Dean B. Browne	Sheriff
John M. Burroughs	Sheriff
Katherine O. Butler	Surviving Spouse
Elaine J. Colter	Surviving Spouse
Marilyn J. Corodemas	Environmental Health Services
Lily M. Dayton*	Superior Court
Mila M. Fisher	Revenue & Recovery
Pamela Gebert	Health & Human Services
Jose A. Gomez*	Facilities Management
William E. Haggerty	Sheriff
Elsie B. Hester	Assessor
Vera J. Howley	Board of Education
Thomas Kaiser	Environmental Health Services
Joseph Kase Jr.	County Counsel
Diane T. LaMarch	Health & Human Services
Fred W. MacMahon	Surviving Spouse
Barnard R. McEntire	Air Pollution Control
Joan L. McKown	Social Services
Michael J. Medearis	Sheriff
Arthur F. Okeefe	Assessor
Hildegard L. Reiner	Assessor
Marjorie L. Roosa	Health & Human Services
Harry Schnepf	Assessor
Melvin J. Smith	Sheriff
Dorothy M. Stalder	Animal Control
Justice C. Taylor	Probation
Patricia L. Tennity	District Attorney
Shirley A. Tisdale	Social Services
Warren C. Ward	Social Services
Hans Wendt	Chief Administrative

***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 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.





"TALK ABOUT PRESCRIPTIONS" MONTH: THE THREE Rs FOR SAFE MEDICINE USE

Dear Members:

More than 3.5 billion prescriptions were dispensed by doctors in the United States last year; however, not everyone followed their health care professional's instructions when it came to taking their prescribed medicine. Some people skipped doses; took more than instructed; or at the wrong time of day. In fact, currently, more than one in three medicine-related hospitalizations happen because someone did not take their medicine as directed.

That's why the National Council on Patient Information and Education (NCPIE) promotes "Talk About Prescriptions" Month. "For years, we have been urging consumers to ask questions to get the answers," said Ray Bullman, NCPIE's Executive Vice president. "Two-way communication – at the point of prescribing and dispensing of medicines – is vital to promoting patients' ability to get the full benefit from their medicine, while using it safely and appropriately."

This year's "Talk About Prescriptions" Month focuses on the following key safe medicine use messages:

- **Risk** - recognize that all medicines (prescription and nonprescription) have risks as well as benefits; weigh these risks and benefits carefully for every medicine you take.
- **Respect** - respect the power of your medicine and the value of medicines properly used.
- **Responsibility** - take responsibility for learning about how to take each medication safely.

Underlying the three Rs is the important rule: **when in doubt, ask first**. Your healthcare professional can help you get the facts you need to use medicines correctly. For more information about prescription drugs, please visit NCPIE's web site: www.talkaboutrx.org.

Wishing you good health,

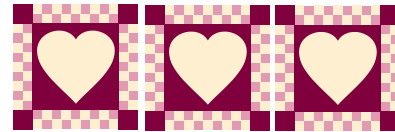
Denise Price

P.S. **Don't throw your unused prescriptions down the drain!** For information on how to safely dispose of your unused prescriptions, contact your local Sheriff's station. We will contact our members by e-mail to announce a day in October when the Sheriffs will hold their "Drop Off Prescription Drugs" event.



HOLIDAY LUNCHEON NEW LOCATION

SAVE THE DATE: The annual RESDC Holiday Luncheon will be held on Thursday, **December 12th**, at **The Sheraton Mission Valley, 1433 Camino Del Rio South, San Diego, CA 92108**. Mark your calendars. The reservation form and directions to the Sheraton Mission Valley will be in the November and December issues of the NET-WORK.



BITS AND PIECES

Norris "Barney" Bernard celebrated his 89th birthday in July! Barney moved from Prescott, Arizona to Huntersville, North Carolina four years ago. He retired from the Department of General Services 25 years ago. Barney recently had lower back surgery and is doing well now post surgery.

Gene Donaldson retired from the Assessor's Office in 1978. He worked for the County for 13 years. He moved to Portland, Oregon in 1986 and recently celebrated his 96th birthday! He still drives and is in excellent health.

Donald Ubben retired 32 years ago from Department of Public Works. He lives in Arizona now. Donald is 85 years old and just celebrated his 63rd wedding anniversary with his wife, Charlotte. Donald and Charlotte have spent several years taking trips in their RV.

Susan Thompson retired almost 25 years ago from Health & Human Services. She and her husband, Dan, celebrated their 35th anniversary and Susan's 80th birthday in August. They took a long extended trip exploring the Hawaiian Islands with some of their children and grandchildren. Susan said it was the trip of a lifetime! Susan and Dan still live in San Diego and are very active in their church activities.

PENSION FACTS

By Chris Heiserman, RESDC Director

Any retiree who has been through the analysis, done the math and made choices about taking the unmodified monthly benefit or an option related to survivors, when to start receiving Social Security benefits, and whether to consider distributions from a Deferred Compensation Account, knows that "Pensionomics" is complicated and it's personal.

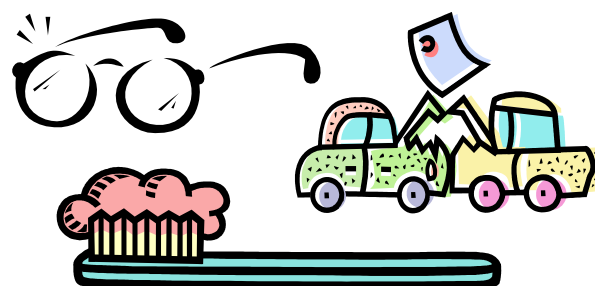
We are fortunate to have these options available to us and to belong to a pension plan that is financially solvent and capable of ensuring us an adequate standard of living in our retirement. However, we are not those public pension bad guys some media organizations claim receive benefits that are too lucrative. According to SDCERA, in 2012 the median annual retirement benefit for its 15,871 retirees was \$24,430 (the average annual benefit is reportedly \$32,796). Just like every other citizen, retired or not, we are concerned about the rising costs of medical and dental insurance, we have questions about Obamacare, and we worry about the prices of food, gas and energy.

In addition, those who say the priority for our leaders in these difficult fiscal times should be jobs and economic activity should consider the positive impact retiree spending has in the region. In SDCERA's semi-annual Member Services activity report the retired benefit payroll for the first six months of 2013 was approximately \$273 million. SDCERA says 73% of its retirees still live in this area, so the lion's share of those payroll dollars stays right here.

Next Up: Defined Contribution plans, an old problematic idea that has become the latest fad and poster child for pension reform.

WELCOME NEW MEMBERS

Veronica Allen	Auditor & Controller
Sarah O. Brooks	Auditor & Controller
Conchita Buensuceso	Child Support
Amparo H. Chavez	Health & Human Services
Lourdes R. Distor	Treasurer Tax Collector
Rafael A. Garcia	Health & Human Services
Said W. Golji	General Services
Virginia M. Henkels	Public Defender
Sharlene Hill	Adult Protective Services
Nymfa S. Ibasco	Health Department
Jeannie Lowe	Superior Court
Robert Luke	Sheriff
Mercedes Martinez-Jones	Housing & Community Dev.
Gregory Nelson	Sheriff
Octavia T. Parker	Sheriff
Bortai Shaw	Probation
Stephen P. Wildermuth	Sheriff



Open Enrollment for the Exclusive RESDC Benefit Plans *Dental, Vision, Pet, Car, Home, Legal, Life, Travel, Accident, & More*

Near the end of October, all RESDC members will receive the 2014 RESDC Supplemental Benefits Open Enrollment package. The benefits outlined in this package are available exclusively to RESDC members. *The Ameritas PPO dental plan will now have coverage for a 3rd annual cleaning at no additional premium!* Guaranteed Issue Whole Life Insurance will also be made available to our members.

SDCERA strictly enforces the Open Enrollment deadline for the dental and medical plans, so don't delay! If you are currently enrolled in one of the dental or other benefit plans, your coverage will automatically continue for 2014. **You do not need to do anything if you are not making changes to your coverage.**

At the RESDC Health Fair Picnic, on Wednesday, October 9, our benefit plans administrator, Pacific Group Agencies, will have insurance company representatives there to answer your questions.



BEGINNING IN OCTOBER RESDC OFFICE HOURS EXTENDED

In order to better serve our membership, the RESDC Board of Directors has concluded to extend the RESDC office hours from four days a week to five days a week. Starting the week of October 7th, 2013, the office will now be open Monday through Friday, 9 am to 2 pm.

Please call the office at (866) 688-9229 with your questions and comments. A member of our staff will get back to you with answers. You may also e-mail the office with questions at resdc@resdc.net.



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.

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Business and Inquiries: Business matters and address changes may be recorded on our voice mail at any time, call (866) 688-9229. Please spell your 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.

Directions to Admiral Baker Field for the Health Fair/Picnic

Take Route 8 East to Mission Gorge Road, take Friars Road going west (left). Turn right on Santo Road (there is a sign there that says "LaMirage"). Turn right on Admiral Baker Road, turn right at the first kiosk. Proceed to the second kiosk and turn left. **Upon entering the park, there will be signs to direct you.** If using Route 15, turn east onto Friars Road and left on Santo Road, right on Admiral Baker Road and follow directions involving the kiosks.

ANNUAL PICNIC/HEALTH FAIR

Sponsored by: Ameritas Dental Plan, CIGNA Dental, Health Net, Kaiser Permanente, Pacific Group Agencies, Inc., United HealthCare, San Diego County Credit Union, and Amos Johnson, Jr., CHFC



Date: Wednesday, October 9, 2013, 10 am - 2 pm
Location: Admiral Baker Field

All members, spouses and/or guests must pay \$5.00 each. The member's picnic fee will be refunded/returned at the registration desk upon checking in, thus making the member attending the picnic **free of charge**. Picnic is held rain or shine.

The menu will be barbecued beef, barbecued beans, coleslaw, rolls, soda pop, water and dessert.
Lunch will be served until 12:30 pm.

To make reservations for the picnic, please complete the form below, indicating the names of those attending and include payment. Make your check payable to RESDC, enclose it with the reservation form and mail to: RESDC, 7860 Mission Center Court, Suite 209, San Diego, CA 92108-1329. Reservation forms and payment must be received in the RESDC office by **Friday, October 4th.** Badge and raffle ticket packets should be picked up at the registration table at the picnic. They will not be mailed. Cancellations will not be accepted after October 4th.

Cut Here HEALTH FAIR/PICNIC RESERVATION FORM Cut Here

We need your reservation in advance to know how much food to order and to prepare envelopes with name tag(s) and raffle ticket(s). Charge for members, spouses and/or guests is \$5.00 each. **Members' fee will be returned if he/she attends.**

Member Name _____ Telephone # _____

Name of Spouse or Guest _____

Member, Spouse or Guest(s) at \$5.00 each _____ Total Enclosed _____ E-mail Address _____

Department and Year Retired _____