



THE NETWORK

August 2020

Honoring Yesterday—Protecting Tomorrow

Vol. 51, No. 8

PRESIDENT'S MESSAGE

By Stan Coombs



Time for an update on the world of RESDC and the Coronavirus.

We assured you in an April 1st letter that RESDC was alive and well despite the mid-March Coronavirus shut-down, that RESDC staff was busy working from home, and that we were still tracking events in the retirement world and addressing retirement

issues on behalf of members.

The first test arose immediately. It turned out we couldn't just reduce staffing in the office. Under the governor's new rules, businesses considered non-essential were ordered to close shop, even including our contract printer/ mailing service that gets our traditional hard copy *NETWORK* newsletter out. We'd be completely dependent on email, we thought, and without email addresses for members who hadn't provided same, they'd be incommunicado!

Fortunately, one of those ubiquitous exceptions-to-the-rule was found for the printer/ mailer, and the hard copy *NETWORKs* continued to flow. For the record, we don't allow the use of member email addresses for any unauthorized purpose!

Since April, then, RESDC staff has been working from home, hearing the same Board of Retirement discussions and decisions via videos that we would have heard if we had been physically present. And some of the issues have been dramatic. They've included the unexpected resignation of SDCERA Chief Executive Officer David Wescoe on April 16th, and proposed plans to recruit his replacement, the reported response of the invested SDCERA portfolio to the financial collapse that followed the closure of most state businesses, and the announcement of next year's SDCERA sponsored health and dental insurance rates (see July *NETWORK* front page).

But it's not all about public meetings. RESDC staff and officers remain in touch with key SDCERA staff
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RESDC VIRTUAL COMING HOME – HOW TO CONDUCT AN ELECTION TUESDAY, AUGUST 18, 10:00 A.M.

Michael Vu from Registrar of Voters has graciously agreed to hold a webinar for RESDC. The "Virtual Coming Home" event will be broadcast as a webinar on August 18th at 10:00 a.m. We were all sorry to have had to cancel the April site tour at the Registrar's office, as well as all our other events. RESDC is exploring use of the Internet for member meetings and is excited to have the Registrar of Voters' support with the "Virtual RESDC" series of events.

Mr. Vu would like to take us inside the Registrar's operation in preparing for and conducting the upcoming general election. It is not all about election night ballot counting. A massive amount of preparation and planning takes place before "the day." Join the webinar on **August 18, from 10 a.m. to 11 a.m.** to learn about the details of individual ballot preparation, mail-in ballots, voting at precincts, result tabulation, and more!

Webinar details will be sent via email. If you have not yet provided us with your email address, call 619-688-9229 or 866-688-9229 or email at resdc@resdc.net. □

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August Calendar of Events

13—(Thurs.) RESDC Board of Directors Retreat
Via Zoom Web Conferencing, 9:30 a.m.

20—(Thurs.) SDCERA Board of Retirement Meeting
Video Streamed Meeting, 9:00 a.m.



PENSION FACTS

As the Song Goes, “Life is but a Dream”



In our make believe world view public sector leaders, captains of industry and corporate interests across the country would “see the light” and embrace defined benefit (DB) retirement plans for their workers as the best hope for a future American economy that “works for everyone.” In this pretend scenario

existing workers would be secure in the knowledge that an inflation-adjusted lifetime benefit awaited them in retirement, and no retirees would be facing the prospect of the lion’s share of their income being a monthly Social Security check.

I know. Dream on. Actually, we’ve been heading in the opposite (aka wrong) direction. Even before the Coronavirus pandemic turned global economic prospects upside down, many state and local governments had been shifting away from traditional pensions. In an April 2020 brief from the Center for Retirement Research at Boston College, analysts reported that as of 2019, 18 states offered an alternative to a stand-alone DB plan as their primary retirement benefit. The brief examined the extent to which large local cities and counties in a sample of 180 major local governments that administer their own pension plans had also shifted away from DB plans. In data from 2018 they found that 19% of the large localities had something other than a DB plan.

The main three alternatives to DB plans are Defined Contribution (DC), cash balance and hybrid.

DC plans are savings accounts – 401(k)s in the private sector – that allow for regular contributions to a tax-deferred retirement account. Employer and/or employee contributions are invested at the direction of the em-

ployee to accumulate assets. The employee bears all responsibility for investment decisions and drawing out benefits in retirement.

A cash balance (CB) plan is like a DB plan in that employer and employee contributions are pooled and invested by professional managers. However, a CB plan maintains individual accounts for employees and credited investment returns to the accounts may be at a fixed flat rate or tied to overall performance of pooled assets. At retirement, the account balance can be taken as a full or partial lump sum (like a regular DC plan) or as an annuity for a lifetime income stream (like a normal DB plan).

Hybrid plans combine the DB and DC plan concepts, with the DB component generally less generous than a normal DB. The DB and DC portions of the hybrid plan operate separately. In many cases, employers contribute only to the DB and employees contribute only to the DC. DB assets are pooled and professionally invested; DC assets are invested at the direction of the employee. In retirement, employees receive an annuity from the DB, and draw funds from their DC account.

Two general observations: Among the 22 alternatives to DB plans in the 18 states noted, 18 were either hybrid or cash balance plans; whereas, of the 40 alternatives offered in the 34 major localities, 32 were stand-alone DC plans (cheaper for the employer, less valuable for the worker). Also, reduced cost is usually cited as the primary reason for moving away from traditional DB plans, and employer contribution rates for the alternatives to DB plans are substantially lower; however, cost savings are very gradual over time as the shift to alternative plans are always introduced for new hires only. Of course, the obvious conclusion is retirement costs to governments for state and local workers shifted to alternatives to traditional DB plans will be lower than the expense of DB plans, and so will the resulting pension benefits for retirees.

Bottom line: a trend away from the guaranteed lifetime pension benefits of DB plans does not inspire confidence in the future of public sector job security and a worry-free retirement for those working today in state and local government.

Household Wealth and the Market

According to a recent media article from *Reuters*, American household wealth plunged 5.6% in the first quarter this year. The precipi-

tous drop in the stock market associated with the rising Coronavirus pandemic nudged the economy into recession; the S&P 500 index reportedly dropped 20 % but has since recovered most of the losses. That sounds like a plus but for most families the link between the market and relative prosperity is not direct. Approximately 84 % of stocks owned by U.S. households are held by the richest 10%.

Still, as has been pointed out in recent *NETWORKS*, our retirement fund with the San Diego County Employees' Retirement Association (SDCERA) is in better shape than many because the Board of Retirement has prudently lowered long-term investment projections and maintained a well diversified portfolio. We may not be actually living the "dream" behind our face coverings and social distancing, but we have blessings we can count while we spend a lot of time at home. □



BOARD MEMBER PROFILE DOLORES DIAZ

Dolores Diaz retired from the County of San Diego's Department of Housing and Community Development in 2012 with 20 years of County service. She has been an affordable housing professional for over four decades. Upon leaving the County, she became the CEO for the Regional Task Force on the Homeless, successfully leading that organization for over five years. She is currently on her second career with the San Diego Housing Commission and continues to enjoy working in the affordable housing industry.

Dolores has been married to her husband, Jose, for 38 years. They live in Chula Vista and they have three children and two grandchildren. Dolores is active in her church and enjoys volunteering her time in the community. She is honored to be nominated to serve her retired County family on the RESDC Board. □

RECENT AND UPCOMING EVENTS

- ❖ **New NCPERS Research: In Tranquility or Turmoil, Public Pensions Keep Calm and Carry On.** Producing compelling and timely research that illuminates practices, trends and the outlook for public pensions has always been a cornerstone of the mission of the **National Conference on Public Employee Retirement Systems (NCPERS)**. And in the current environment, when the Covid-19 health crisis is stirring up concern about the fiscal health of states and municipalities, this mission is particularly urgent.

NCPERS' newest Research Series report, "In Tranquility or Turmoil, Public Pensions Keep Calm and Carry On," adds to the growing body of knowledge about the capacity of state and local governments to handle their pension obligations.

To access the research, visit:

www.ncpers.org/news .

- ❖ **Live Well San Diego Annual 5K Has Gone Virtual.** 2020 Live Well San Diego 5K & Fitness Challenge is going virtual...and it's FREE! Support a healthy, safe, and thriving county - REGISTER TODAY!

In partnership with 211 San Diego, this year's event will help celebrate the 10th Anniversary of the Live Well San Diego vision, bringing thousands of San Diegans "together" in support of a healthy, safe and thriving San Diego County. Now more than ever, it is important to maintain a good exercise routine, manage stress and eat well, as these activities can help boost your immune system and maintain a defense against the Coronavirus.

Join Live Well San Diego for our 2020 Virtual 5K & Fitness Challenge. The 5K Fitness Challenge started on July 13th (Live Well San Diego's 10th Birthday!) and finishes on August 16th with a 5K Virtual Race. Learn more by visiting: www.livewellsd5k.com . □





ANNUAL FALL RESDC HEALTH FAIR PICNIC – CANCELLED

In light of ongoing concerns related to the COVID-19 pandemic, the RESDC Health Fair Picnic, normally held annually in October, has been cancelled. The County of San Diego Public Health Officer has announced restrictions prohibiting mass gatherings until further notice. We feel this cancellation is in the best interest of the health and well-being of our members.

RESDC leadership is currently working on a “Virtual RESDC” pilot program which will offer our members the opportunity to view web-based, online presentations. These presentations, while not the customary in-person events we have been proud to host over the years, offer an ability to provide excellent content with an array of relevant speakers who will be presenting to our members.

Stay tuned to future editions of *THE NETWORK* and email updates for more details!

Also, a quick reminder... If you haven't provided your email address to us, now is a great time to forward it to resdc@resdc.net. This is another great way to stay up to date on the latest RESDC news and information. □

**EVENT
CANCELLED**

QUOTE OF THE MONTH

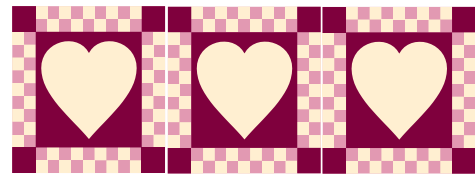
I've worked too hard and too long to let anything stand in the way of my goals. I will not let my teammates down and I will not let myself down.

▪ Mia Hamm

PENSION FACTS AT A GLANCE

Compared to younger workers, employers view older workers (55+) as more costly but also more productive and, on balance, at least as attractive.*

***2019 survey (before the pandemic) of employer perceptions of older workers.**



BITS AND PIECES

Julian Santos, Jr. and his wife, Angelica, celebrated their 44th wedding anniversary in June. Forty-four years ago, they had a church wedding on June 20th, and a civil wedding on June 26th. Julian worked in Food Service Department as a Supervisor. He retired in 2006 after 19 years with the county.

Chris Williams celebrated her 90th birthday in July! She retired from Health and Human Services in 1993 after 24 years with the County. Upon retirement, she and her husband, Carl, moved to Bountiful, Utah. Chris spent many years after retirement as a reading tutor at a local grade school. She still loves to garden and takes walk every day. She and Carl both volunteer at their church, but not as much as they used to.

Editor's note: If you have taken an interesting trip or have had an intriguing event happen recently, please let us know so that we can share your story with our members.

If you have reached an exciting birthday, or wedding anniversary, please call Karen Hazel, RESDC Editor, at (866) 688-9229. You can also write to Karen at RESDC, 8825 Aero Drive, Suite 205, San Diego, CA 92123. You can also send your information to us by email at: resdc@resdc.net. □





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THE 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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(President's Message Continued from Page 1)

as well, able to connect to ask questions, express RESDC member views and offer opinions.

But there have been downsides. RESDC members have lost the social side of RESDC for four months. The Stay-at-Home order, prohibitions on gatherings, and concerns about an asymptomatic but contagious virus that gives no hint of its presence, combined with health vulnerabilities of our older retirees to force us to cancel four membership events already, and there are more to come. We look forward to a coronavirus afterlife, when members can safely gather again to enjoy our traditional RESDC social fare.

With that in mind the RESDC Board of Directors approved a "RESDC Safe Reopening Plan" at their June meeting that complied with the guidance of County health officialdom. The plan was not a hurried excuse to reopen for reopenings sake, but one carefully thought through and safe.

Initial planning, based on optimistic new case figures in California and elsewhere had us considering the next phase opening about June 29th, when RESDC offices, we thought, might again open during regular (9:00 a.m. to 2:00 p.m.) hours, with one staff person on site at a time. . .remaining staff members to continue working from home.

But as June 29th approached, the picture turned ugly. . .and then uglier. The recreational and business reopenings that had started in California and other states earlier in the month, together with Father's Day and Fourth of July celebrations, kicked off a major spike in new recorded coronavirus cases which still surges out of control.

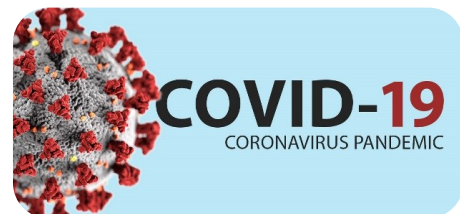
In our very own back yard, daily new San Diego County cases jumped 193% to 498 in two weeks, with similar increases statewide and nationally, accompanied by repeated reports of coronavirus outbreaks, defined as three or more cases from

the same location among unrelated people. Apparently, warnings discouraging large gatherings in inside venues, and encouraging masks, social spacing and hand washings hadn't been heeded.

Nuff said. . . Consideration of further reopening of the RESDC Office has been delayed until circumstances make sense to do so.

Where are we as this is written on July 7th? Daily new cases and total deaths continue rising, 50,000 and over 130,000, respectively, reported nationwide on July 2nd. National health officials warn that the U.S. is going in the wrong direction, and unless the population seriously uses masks, social spacing and hand washing protocols, we will see new cases rise to 100,000 a day. Many states, including California, have backed away from earlier reopenings.

The best to all. . .stay safe. . . □



Question: Among retirees what is considered formal attire?

Answer: Shoes & maybe long pants.

