



NETWORK

Newsletter of The Retired Employees of San Diego County Since 1961

Vol. 43, No. 1

Honoring Yesterday—Protecting Tomorrow

January 2012

PRESIDENT'S MESSAGE

By Susan Mallett



As I prepare this article, 2011 is quickly coming to an end. In recognition of our Association's 50th anniversary, I want to share some of the interesting and noteworthy events from the early years that shaped our Association and influenced our retirement system.

It all began on June 7, 1961, when founder and first President

Elsie Wiley held the first membership meeting at the Puppet Theater in Balboa Park. The number of members present was 70-75 (as reported in two separate early newsletter articles) and the agenda included topics of pending legislation related to retirees' interests. The Association shared office space with the County Employees Association above the Mildred Street Credit Union and communicated via a column in the active employees' newsletter.

In 1965, legislation amended the County Employees Retirement Law of 1937 (known as the 1937 Act) to allow an annual cost of living adjustment (COLA) to retiree pensions. The COLA increase or decrease was not to exceed 2% and was to be determined each year before April 1st by the Board of Supervisors using consumer statistical data. In 1967, a further legislative amendment allowed for a COLA up to 3%, due to a period of high national inflation. In San Diego this increase was not utilized, until 1972, after much lobbying by our Association's members, the County Employees Association, and in particular by the efforts of our Association President Ed Rush.

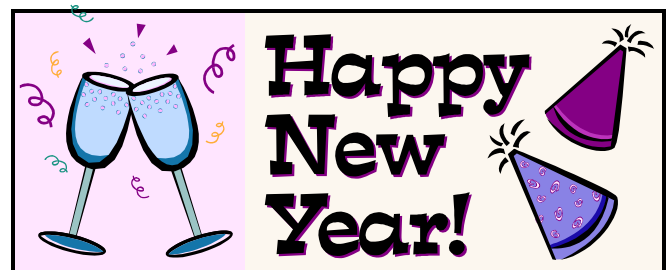
Speaking of Ed Rush, in July 1970, he and his wife Kay authored, typed, duplicated and distributed the association's first newsletter from their home. This newsletter entitled the Network, continued to be prepared in the same fashion, by Ed and Kay, for the next 15 years. Additionally, Ed served as the Association's Executive Director and the Rush home served as the Association office also until August 1985. We clearly have come a long way. Ultimately, Ed "retired" from his vol-

unteer assignments for the Association, which now had grown to 4000 members, and a new Network Editor was selected. Within a few months, the newsletter was commercially printed, folded and mailed using a computerized membership list.

In 1970, membership dues were \$2 per year and were paid by sending a check to Association Treasurer Vi Osgood's home in January. In May 1974, a CRCEA (California Retired County Employees Association) sponsored bill AB 2823, was signed by Governor Ronald Reagan amending the 1937 Act retirement law to permit a pension allowance deduction for retiree Association dues. In a subsequent Network article, under the heading "Going Modern", members were urged to return authorization cards to allow for monthly dues deductions of 25 cents (annual dues now \$3 per year) from their retirement checks to be effective in January 1976.

1976 was the year the Association presented the first of many pre-retirement seminars for active County employees. A helpful little booklet entitled So You're Going to Retire prepared by member Ruth Cummins was given to attendees. The seminars became increasingly popular and were ultimately moved to the Scottish Rite Masonic Temple in Mission Valley to accommodate groups as large as 500 in the early 1980s. Early on, the booklet and seminar program was shared with CRCEA member associations. Other County retirement boards and personnel departments requested copies of the materials to replicate similar pre-retirement programs in their counties.

(Continued on page 4)



January Calendar of Events

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

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

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

VALUATION

By Stan Coombs, Benefits Committee Chair

Each year SDCERA's actuarial consultant, The Segal Company, produces an "Actuarial Valuation and Review" of the retirement system based on circumstances on the previous June 30th. Think of it as a detailed report card of some 66 pages.

Segal says this Valuation determines "whether the assets and contributions are sufficient to provide the prescribed benefits," and that leads to the Board of Retirement setting employee and employer contribution rates for the next year. These contribution rates are the percentages of payroll the County and active employees must pay into the retirement system, the latter through payroll deductions.

Segal presented their June 30, 2011 Valuation on November 3rd, and on December 1st the Board approved new contribution rates. Starting July 1, 2012, the County will contribute 29.96% of payroll for combined general and safety members, up from last year's 27.02%, and the average employee rate will decrease slightly from 10.94% to 10.80%. Actual County and employee contributions totaled over \$347 million last year.

So why these changes? And, yes, it does have to do with the market crash back in 2008. But, first a look at some reported characteristics of the system.

Apparently we now have 16,523 active employees, down 2.7% from the year before, averaging 11.7 years of service and \$65,994 annual compensation, up 2.3%. Total county compensation costs are reported to be \$1.09 billion.

We also have 14,496 retirees and beneficiaries, up 5.2% from the prior year, a \$31,404 average pension and \$455.2 million in total annual pension costs. It's interesting that SDCERA elsewhere reported a median average (the mid-most point in a range of cases) pension of about \$20,000.

Segal notes that the market value of system assets, which we regularly report, is \$8.1 billion, and investment earnings for the 2010-11 fiscal year were \$957.4 million, or 20.91%, following earnings of 13.39% in 2009-10. That's good. The Board's annual goal is 8%.

Finally, Segal reports the system's "unfunded actuarial

accrued liability" (read that as the constantly decried "deficit") has risen to \$1.940 billion from last year's \$1.566 billion! And, that's what causes the increased county contribution rate.

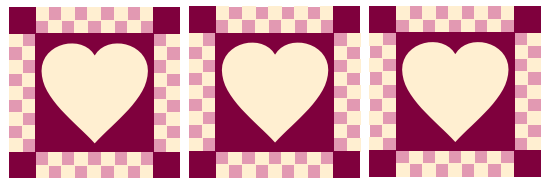
How does that happen? The County and employees kicked in their required contributions last year, actual investment earnings were more than two-and-a-half times the annual goal and pension costs are definitive and predictable, all of which brought our fund up from \$6.877 billion in June 2010 to the reported \$8.1 billion in June 2011. How could we be deeper in debt?

Ah yes, it's that tricky accounting "smoothing mechanism" again. We explained the smoothing mechanism for new retirees in a July 2009 article. It's time again. Although confusing, it's worth understanding. Most public retirement systems use it in some form.

In short, SDCERA's smoothing mechanism allows only 20% of each year's investment gains or losses to be recognized in the year they occur, followed by additional 20% chunks recognized in each of the following four years, until after five years 100% of the earnings or losses for the subject year are recognized. Within five years, the total annual in-flow of recognized earnings or losses consists of five, 20% portions from each of the last five years of investment returns.

Thus, the impact of violent swings in investment returns, such as occurred in 2008-09, is diluted by their gradual introduction into the system, reducing corresponding volatility in employee and county contribution rates.

(Continued on page 4)



BITS AND PIECES

Ricardo M. Valadez, Sr. retired from Health And Human Services in 2006. He and his wife, Dolores, celebrated their 50th wedding anniversary recently. A renewal of marriage vows was held at Guardian Angels Catholic Church in Santee followed by a family trip to Las Vegas. Ricardo and Dolores still live in San Diego.

Jim Varanfakas and his wife, Joyce, celebrated their 61st wedding anniversary in December. Jim retired from Public Works in 1987. He is very happy to announce that Joyce is cancer free now after recovering from two bouts of Breast Cancer in 2009 and 2011.

ASSOCIATION OFFICERS

President.....Susan Mallett
 1st Vice Pres.....Skip Murphy
 2nd Vice Pres.....Merrilyn Carpenter
 Secretary.....Joan Wright
 Treasurer....Frank Bittner

ASSOCIATION DIRECTORS

Stan Coombs, Christopher Glenn
 Carlos Gonzalez, Chris Hinshaw
 Joe McGuire, La Rue Pierce
 George Shoemaker, Roma Stronach

Office Staff.....Karen Hazel
 ...Sharon Kay
 ...Anne Schwartz
 NETWORK Editor...Karen Hazel

**ATTENTION
 NORTH COUNTY RETIREES**
By Susan Mallett

On December 6th, I enjoyed a delicious Christmas Luncheon and good company with a North County retired employee group, RARE. Although the group was originally comprised of those who worked in the Social Services Dept., many at the Escondido Welfare office, other County retirees have joined as well. They meet socially for two events a year and would welcome new members who live in North County. If interested in learning more, please contact Gayle McDaniel at (760) 744-5406.

WELCOME NEW MEMBERS

Robin F. Baker	Superior Court
Patricia Brown	Associate Member
Imelda C. Calimlim	Superior Court
Dorothy A. Henton	Superior Court
Louellen Herpfer	HHSA
Dolores Iverson	
Catherine Lichterman	Associate Member
M. Mases	Court
Kathleen W. Rajan	HHSA
Mandayam K. Rajan	Public Works
Cynthia M. Scheurman	Probation

IN MEMORIAM

Grace C. Atkinson	Sheriff
William S. Billburg	Probation
Arlene L. Bloom	Surviving Spouse
Mary R. Cleere	Surviving Spouse
Frank Demling	General Services
Marie F. Dexter	Board of Supervisors
Ernesto F. Frial	Sheriff
Josephine Halliday	Registrar of Voters
Carol S. Marshall	Planning
Janiece McCall	Surviving Spouse
Donald B. McClary	Marshal
Marguerite A. McClure	Health & Human Services
Shigeru Oto	Sheriff
Mary R. Patterson	Surviving Spouse
Josef E. Pesta	Health & Human Services
Carrie S. Pickmosa*	Registrar of Voters
Mary L. Regaldo	Social Services
Frances P. Smith	Traffic
Ruby J. Tom	Social Services
Christine I. Trevino*	District Attorney

*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.

BITS AND PIECES

Editor's Note: We would like to continue printing some Bits and Pieces items in this newsletter about our members.

If you have reached an 80th (or more) birthday, or 50th (or more) wedding anniversary, please call Karen Hazel at (866) 688-9229 or write RESDC, 7860 Mission Center Court, Suite 209, San Diego, CA 92108. Or if you have taken an interesting or unusual trip or have had an interesting event happen in your life, please let us know so that we can share your story with our other members.

You may also send your information to us by e-mail at resdc@resdc.net.



2012 SCHOLARSHIPS
By La Rue Pierce, Chairman
Scholarship Committee

RESDC will again this year award five \$2,000 scholarships to graduating high school seniors who are immediate family members of a RESDC member. An immediate family member is defined as children and grandchildren; step children and step grandchildren are included.

All eligible high school seniors are encouraged to apply. Applications may be obtained at our office, 7860 Mission Center Court, Suite 209, San Diego, CA 92108 or by calling the office toll free (866) 688-9229. Also you may use our e-mail address to request an application: resdc@resdc.net.

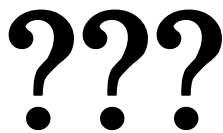
The deadline this year is **Friday, March 9, 2012**. We are not able to accept applications postmarked after that date.

We suggest you start this process early and check with your references to be sure they have met the deadline. In the past, we have had to disqualify applications because reference letters were missing.

Good luck!

Many many thanks to Mrs. Joan Liddell for her generous contributions to the 2012 Scholarship Program. Mrs. Liddell has continued her support for the Scholarship Program that was initiated by her husband, George Liddell. Her support and loyalty to the RESDC Scholarship Program is much appreciated.

Contributions by any RESDC member, no matter how small, would also be appreciated.



QUESTIONS?

If you have questions regarding your retirement pay, your earning statement, retirement benefits, or health insurance coverage or medical pay allowance, please contact San Diego County Employees Retirement Association Call Center (SDCERA) at (619) 515-6800 or toll free (888) 473-2372.

(President's Message Cont'd from page 1)

Over the years, the leaders and dedicated volunteers of RESDC have carried on the tradition of those founding members who realized that retired employees have unique interests and concerns separate from those of active employees. They took on some lofty goals to advocate on behalf of retirees, at the local and state level, becoming politically active and savvy leading to meaningful modifications to the 1937 Act retirement law for the benefit of retirees in the 20 member counties. The past 50 years has seen great strides but the need for advocacy and on-going communication of important issues for retirees remains. Public pensions are frequently a topic of debate for political figures, watchdog groups and the media, often with little regard for the facts. Our Association will remain a strong advocate for San Diego County retired employees and continue to effectively participate in CRCEA, our state Association, due in large part to the ideals and dedication of those who served before us.



**Have a fun and
safe winter!**

(Valuation, Cont'd from page 2)

Most of the increased retirement debt Segal reports results from this mechanism. In 2008-09 the retirement fund fell nearly 40%. On a cash basis we've gained back three-quarters of that, but due to the actuarial smoothing mechanism we're still in the middle of a five-year phase-in of those losses.

Segal notes that "Unless offset by future investment gains or other favorable experience market losses is (sic) expected to have a significant impact on the Association's future funded ratio and the aggregate employer contributions." They estimate that if all the losses were recognized immediately, our funded percentage would drop from the current 81.5% to 77.0% and the County's contribution rate would rise from 29.96% to 33.02%.

For a more recent perspective, during October San Diego County retirement plan assets increased \$385.1 million, increasing fiscal-year-to-date earnings from a loss of \$421.9 million to a loss of \$36.7 million and bringing total net assets back to \$8.1 billion.



**Martin Luther King
Jr.'s Birthday!
January 16**

SCHOLARSHIP NEWS

*By La Rue Pierce,
Scholarship Committee Chair*

RESDC has received a "Thank you" note from Danielle Ziegler, one of our 2010 scholarship recipients.

She tells us that she has always dreamed of entering the medical world and our scholarship made it possible for her to attend San Diego State University to pursue her goals. She is very grateful for this help.

Her mother, Catherine Ziegler, also enclosed a note saying that Danielle had a great first year at San Diego State and even made the Dean's list.

We have also received a note from Meaghan Ryan, a 2010 RESDC scholarship winner. She writes from Rice University telling us that after cycling through introduction classes, she has decided to pursue a degree in Mechanical Engineering. She hopes to graduate in 2014.

Although the coursework at Rice keeps Meaghan busy, she also participates in several of the school's outside activities. She is section leader for the clarinets in the marching band. They play at football and basketball games and never fail to entertain the crowd. Meaghan also participates in various intramural sports and the Women's Club water polo team of which she is Treasurer and co-coach. She is having a great time in college and she thanks RESDC for its support in her future.

County retirees have reason to be very proud of their children and grandchildren's accomplishments and RESDC is proud to acknowledge their excellence through our Scholarship Program. Updates from other winners or their sponsors would be most welcome.

**INVESTMENT & RETIREMENT SYMPOSIUM
Wednesday, January 25th, 2012**

San Diego County Treasurer-Tax Collector Dan McAllister is pleased to announce the next Investment & Retirement Symposium presented by the Deferred Compensation Division:

George Chamberlin, Money Advisor for NBC Channel 7 and host of KOGO's "Money in the Morning" radio program will walk you through steps to ensure a healthy financial future in this uncertain time. He will cover a wide range of items from credit reports to dividend paying stocks to understanding annuities. Joining him this evening will be **Gary London**, a specialist in the San Diego Real Estate market whose clients are real estate developers and financial institutions. Gary's expertise is highly sought after and he will share with you his thoughts on the future direction of the San Diego area community.

This evening symposium will be held on Wednesday, January 25, 2012 from 6 pm to 8:30 pm at the Doubletree Hotel, Mission Valley, 7450 Hazard Center Drive, San Diego, CA 92108.

The cost is \$15.00 per person or \$25.00 per couple prior to January 10th; \$20.00 per person or \$30.00 per person after January 10th. Dinner and parking are included with your paid registration. Great giveaways and prizes too! Seating is limited and pre-registration by January 20th is required. All current and former County employees and all of their guests are welcome.

For registration and information, please log on to www.myDCplan.com (under the Important Information Box) or call the Deferred Compensation Department at (619) 531-5840.



San Diego County Credit Union's Internet Branch online banking is more secure than ever! Our enhanced security features significantly reduce the risk of fraud and protects you from identity thieves. SDCCU® goes beyond using the traditional combination of account number/login ID and password to verify your identity. New Internet Branch users are prompted to select and answer security questions during enrollment. When you log into Internet Branch from a computer you don't normally use, you may be prompted to answer one of your security questions to verify your identity. This is just another way we keep your account safe and ensure that your online banking experience continues to remain top notch. For information on all of SDCCU's online services, visit sdccu.com, call (877) 732-2848 or come into any of our 28 convenient branch locations.



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
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 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. Circulation: 7200

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 San Diego, CA 92108-1329

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**Happy
 New Year
 2012!**

**DOOR PRIZE DONORS
 FOR THE RESDC HOLIDAY LUNCHEON**
*By La Rue Pierce, Chairperson
 Door Prize Committee*

A big thank you to the people and businesses who donated door prizes to RESDC for our Holiday Luncheon.

- Bahia Resort Hotel
- The Chargers
- Cigna Dental Plan
- Denny's Restaurant, Navajo
- HealthNet
- Kaiser Permanente San Diego
- Marie Callender's Restaurant, La Mesa
- Pacific Group Agencies, Inc.
 (Steve Pettee, Agent, our dental plans)
- Red Lobster, Grossmont Center
- San Diego County Credit Union
- Superior Direct
 (our printing and mailing service)
- Sycuan Casino
- Viejas Enterprises
- Western Group Agencies
- Windmill Farms

**MAILING DATES FOR
 2012 WARRANTS**

Electronic Deposit Date

January	31
February	29
March	30
April	30
May	31
June	29
July	31
August	31
September	28
October	31
November	30
December	31

To each and every one of these donors, we extend our heart-felt thanks and gratitude. We are sure they would appreciate your patronage.

Retain this calendar for quick reference for the dates you will receive your electronic deposits.

