



# NETWORK

Newsletter of The Retired Employees of San Diego County Since 1961

Vol. 44, No. 5

Honoring Yesterday—Protecting Tomorrow

May 2012

## GENERAL MEMBERSHIP MEETING

**When:** Thursday, May 24, 2012

**Time:** Coffee, tea, and light refreshments will be served at 9:45 am  
Speaker will begin at 10:00 a.m.

**Place:** Point Loma/Hervey Public Library, 3701 Voltaire St., San Diego, 92107

**Speaker:** Katie Wilson, A Victim Advocate In the Elder Abuse Unit, From The District Attorney's Office. See page 4.



**Directions to Point Loma/Hervey Public Library:** Take I-8 West to the end of the freeway and turn left onto Sunset Cliffs Boulevard. Go left onto Voltaire Street and drive about one mile. The library will be on your right side at 3701 Voltaire St. There are two parking lots and extra parking on the street. If using public transportation, MTS Bus #923 travels from downtown San Diego and stops right at the library.

## PRESIDENT'S MESSAGE

*By Susan Mallett*



On a recent trip to Phoenix, Arizona, I drove through Sun City on the way to a Spring Training facility. At a large intersection, my attention was drawn to a couple of signs at a large investment business. The front business marquee advertised a program to maximize retirement savings and a smaller sign at the back of the parking lot announced an upcoming food distribution event from the local food bank. Certainly diverse messages for the seniors in the area, home to primarily retirees. A poignant reminder to us all that retirees find themselves all along the financial security continuum. The same is true for retirees in our system. The SDCERA website, Facts at a Glance section, shows that the median annual pension, for a SDCERA retiree, was \$21,924 in fiscal year 2010. This median or middle amount indicates that half of all pensions

fell below that amount and half were above that amount. The average annual pension, for the same time period, was \$30,479, an amount determined by adding all pensions together and dividing by the number of pensions. In San Diego County, that average pension amount is basically equivalent to the per capita/average income of \$30,479 as reported by the United States Census Bureau for 2010. Neither pension amount comes close to the "\$100,000 club" popularized by the media in recent years. Retired County employees who have earned an annual pension of \$100,000 or more represent approximately the top 3% of SDCERA retirees, 352 of 13,922 retirees as calculated in 2010.

The debate wages on, in the media and legislative assemblies, over our defined benefit retirement model versus the 401(k) individual employee investment account model. Much has been written by financial and investment professionals, on the merits of the defined benefit approach wherein plan participants earn a predetermined annual pension based on years of service and final average salary. The positive impact of a reliable pension extends into the community where retirees are regular consumers of goods and services and are

**(Continued on Page 4)**

## May Calendar of Events

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

**8-11—(Tues.-Fri.) SACRS Conference, Lake Tahoe**

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

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

The following is reprinted with permission from the Opinion Page of the “Early Weekend Sunday April 1, 2012 Edition” of the San Diego Union–Tribune. Stan Coombs’ Benefits Committee Report will appear again next month.

### IN RESPONSE WHAT THE PRESS MISSED ON THE COUNTY RETIREMENT STORY

*By Loretta Morris*

While recent press surrounding the San Diego County Employees Retirement Association has focused on the opinions and actions of one former fund employee, the local and national media have consistently gotten the facts of the fund, its history and its management wrong.

The claims and case brought by Jeffery Baker, and the subsequent press coverage of his assertions, focus on two asset classes of the fund but ignore the big picture. SDCERA’s performance is outstanding. The most recent Trust Universe Comparison Service [TUCS] report ranks the fund’s one-year gross return of 6.49 percent and two-year gross return of 9.31 percent in the top 5 percent of all public pensions with assets greater than \$1 billion for the period ending Dec. 31.

By comparison, the one- and two-year gross performance of the median manager in the TUCS report generated more modest returns of 0.86 percent and 6.75 percent, respectively. Last year, SDCERA’s more conservative investment approach left the fund with an additional \$430 million over and above what the median fund generated over the same time frame. That’s \$430 million less that the county has to contribute to the plan for future benefits.

Certain reporters have suggested that the fund’s performance – finishing the fiscal year with a gross portfolio return of 21.61 percent – must be the result of an incomparably high level of risk.

As with all investment vehicles, risk and returns are related. However, SDCERA has diversified its holdings by the amount and type of risk inherent in each asset class. This approach was put into place in July 2010 with the adoption of a new investment policy statement that aimed to lower

the fund’s sensitivity to changing conditions of growth, inflation and investor sentiment.

Not coincidentally, the adoption of this policy statement marked the first time the fund had ever articulated its risk budget and put controls in place to limit draw-downs. As shown in the risk/reward plots of the TUCS report, this is the first time SDCERA has ever displayed less risk and more return than the median fund in its peer universe. This is the holy grail of investment management – protecting capital while also achieving high rates of return.

The new policy statement forced the fund to focus on the risk inherent in each asset class and maintain set risk levels within those classes. To meet these new standards, the fund’s investment managers lowered exposure to equities while increasing allocation to lowly correlated asset classes like high-quality sovereign bonds and hedged strategies that are less sensitive to overall market conditions.

SDCERA, like most pension funds, has used leverage as an explicit aspect of its investment strategy for many years.

The primary difference between SDCERA’s use of leverage today and its historic approach is that leverage is used for the sole purpose of increasing the fund’s sensitivity to diversifying asset classes and lowering the fund’s sensitivity to more volatile asset classes. This is at the heart of SDCERA’s diversification approach and risk-budgeting framework.

For those who doubt that the current investment policy is working, they need look no further than the performance of 2011. In the first half of the year, when the markets were on the rise, the investment managers of the fund were criticized because of median-like returns. Yet when the volatility of summer hit, SDCERA saw less than half the drawdowns that most funds experienced and came out on top for the entire year.

The fund’s performance over the course of 2011 was not front-page news, yet an easily debunked argument surrounding the levels of risk of a particular investment continues to make headlines. The question is: why? One can only assume that those who continue to cover this story would rather focus on the personalities involved in courtroom drama rather than examining the strategy and execution of a high performing fund. It is a continuing frustration of mine that the press and others misrepresent the facts and distract from the goal of producing optimum risk-adjusted returns for the benefit of all fund stakeholders.

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Morris, a resident of Del Mar, served on the San Diego County Board of Retirement from 2008 to 2011. She currently serves on the board of a private tech company and is chairman of the investment advisory committee of the Del Mar Foundation.

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Protect your valuables and keep them safe. Important papers, such as birth certificates, insurance papers and loan documents, as well as special family heirlooms can be hard to replace, or even irreplaceable. To have peace of mind, keep them secure in a Safe Deposit Box at San Diego County Credit Union. Safe Deposit Boxes are available to rent at 19 SDCCU branch locations and come in varied sizes.

To see a list of the branches that have Safe Deposit Boxes, please visit [sdccu.com](http://sdccu.com) or call toll-free 1 (877) 732-2848.



**Memorial Day May 28th**

**IN MEMORIAM**

Vera Armbruster	Surviving Spouse
James S. Carroll	Marshal
Howard J. Cassell	Surviving Spouse
Marjorie L. Coffey	Surviving Spouse
Phyllis Connolly	Health & Human Services
Walter D. Dana	Surviving Spouse
Genevieve L. Eberle	Surviving Spouse
Grace Everett	Health & Human Services
Robert C. Fleming	Health & Human Services
Robert L. Fletcher	General Services
Lorraine M. Fortin	Surviving Spouse
Edmund C. Gibbs	Sheriff
Mary A. Goss	Surviving Spouse
Matilda A. Greco	Surviving Spouse
Benjamin T. Hanson	Health & Human Services
Harvey L. Hess	Health & Human Services
Peggy Hughs	Planning & Land Use
Eileen Knickerbocker	Clerk of the Board
Lance Largent	Fleet Maintenance Support
Donald E. Lewis	Health & Human Services
Dale E. Martin	Sanitation & Flood Control
Elsa H. Mikkelsen	Health & Human Services
Bridget G. Milsap*	Public Defender
Rolando M. Moolchand*	Sheriff
Melnee R. Morgan	Surviving Spouse
Helen I. Norman	Surviving Spouse
William J. Odonnell	Public Works
Anne F. Prusa	Sheriff
Bennie F. Ramsey	Sheriff
Arthur E. Robinson Jr.	Sheriff
Joan M. Salois	Health & Human Services
Barbara J. Scott	Health & Human Services
Lynval I. Smalling*	Sheriff
Juanita D. Theobald	Surviving Spouse
Tracie M. Vaughn	Superior Court
Shirley E. Wenger	Health & Human Services
Eula M. Whisenant	Auditor Controller
Charlotte E. Woody	Surviving Spouse
Thomas J. Zalesny	Superior Court
Doris A. Zylstra	Sheriff

\* 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.

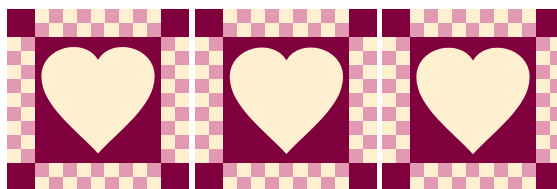
**MEMBER PRIVACY**

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.



## WELCOME NEW MEMBERS

Lucia A. Black	Associate Member
Charles L. Brown	Sheriff
Lucinda C. Covell	Public Health
Gerald A. Hunter	Air Pollution Control
Eliseo P. Sioson	
Garry Sobeck	Assessor's Office



## BITS AND PIECES

**Veronica Moore** became a great grandmother in March when her granddaughter's baby girl was born! Veronica worked in the District Attorney Office for over 10 years and retired in 1997. She lives in San Marcos and hopes to meet her new great granddaughter, London, very soon.

**Richard Berg** and his wife, Katherine, recently celebrated their 63rd wedding anniversary! Richard retired in 1984 from Sanitation and Flood Control after 28 years with the County. He and Katherine live in Silver Springs, NV now and love traveling with their fifth wheel. They spend winters in Yuma and enjoy taking trips to Canada.

**Shari Niesley** and her husband, Curtis, just celebrated their 50th wedding anniversary at Tom Ham's Lighthouse with their family and friends! Shari worked for Superior Court and retired in 2002 after 15 years of service. They are blessed with two sons, five grandchildren, and one great grandson. Their years together have been "amazing" and have been spent with many close friends, some for more than 50 years.

**Richard Orey** and his wife, Jodi, had a wonderful 60th wedding anniversary at Peohe's Restaurant in Coronado last month! A Navy veteran and former official court reporter of the federal court in Illinois, Richard retired in 1991 after 24 years with Superior Court in San Diego. A published novelist and poet, he spends his time writing, growing roses, and lake-paddling in his bright red canoe. He and Jodi enjoy spending time picnicking and family gatherings with their four children who all live nearby.

**Barbara Pierce** and her Australian husband have moved to Queensland, Australia. She worked for Health and Human Services for 33 years and retired in 2002. They lost their beloved home of 30 years in the 2007 Ramona wildfire. Barbara's husband had always wanted to move back to Australia, so they decided to relocate to Mt. Tamborine in Queensland. Barbara enjoys living there and spends her time reading, gardening, quilting, and volunteering at a thrift shop. She comes back to Vista every year for about a month.

**Ed Kues** celebrated his 83rd birthday in March. He worked for the Probation department for 20 years and retired in 1992. Ed and his wife, Yukiko, had their 56th wedding anniversary recently. Yukiko went to Kyoto, Japan for a high school reunion in April. Ed will be traveling to Tokyo, Japan this October for a couple weeks.

## SCHOLARSHIP RECIPIENT UPDATE

*By La Rue Pierce, Scholarship Committee Chair*

Erica Garfinkel, a 2008 recipient of a RESDC Scholarship writes as follows:

I was a 2008 recipient of the RESDC Scholarship. As my grandfather and retired employee, Stanley Rys, just celebrated his 92nd birthday in April, I'm reminded of the generosity of your scholarship fund. It definitely gave me the right amount of confidence and a monetary boost when I started my 5-year degree program in architecture at Northeastern University in Boston, MA.

These first four years have been extraordinary. I've had the top GPA of my architecture class since freshman year; I'm now in my third year as Resident Assistant at the University; I completed a semester abroad in Berlin, Germany last spring, and there is even more to come. I recently started a Junior/Senior Honors Project where I will be traveling to Buenos Aires, Argentina for a month this summer to study their Las Villas Miserias, or settlement/slum housing.

Northeastern is also a cooperative education school meaning as a part of my undergraduate degree, I complete two six-month long internships before I graduate. My second internship approaches in July and I have just accepted an offer at Kohn, Peterson, Fox Associates in New York City, one of the largest and most highly-esteemed architecture firms in the country. I'll be fulfilling my Bachelors of Science Degree in Architecture in 2012 where I am on track to graduate summa cum laude. Thank you Retired Employees of San Diego County.

What an envious record this young lady has compiled at Northeastern University. It is so nice to hear of the success of our scholarship winners. Let's hear from more of you! Congratulations Erica, and Happy Birthday to your sponsor and grandfather, Stanley Rys on his 92nd birthday!



**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  
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**Retired Employees of San Diego County, Inc.**  
 7860 Mission Center Court, Suite 209  
 San Diego, CA 92108-1329

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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: 7000

**GENERAL MEMBERSHIP MEETING  
 FLAG DAY LUNCHEON**



**THEME:** A PROGRAM OF PATRIOTIC MUSIC  
**WHEN:** THURSDAY, JUNE 14, 2012, 11:00 AM  
**WHERE:** RONALD REAGAN COMMUNITY CENTER  
 195 East Douglas Avenue, El Cajon 92020 (Directions in next issue.)  
**WHAT:** LUNCH—\$8.50 per person.

**Menu:** Teriyaki chicken, pork loin, 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 \$8.50 per person, payable to RESDC at 7860 Mission Center Court, Suite 209, San Diego, CA 92108-1329. **Deadline is Friday, June 8.** Hall limit is 200, so get your reservations in as soon as possible. Tickets should be picked up at the registration table at the luncheon. They will not be mailed.

Name of Person \_\_\_\_\_ Telephone # \_\_\_\_\_  
 Name of Guest(s) \_\_\_\_\_ # of Reservations at \$8.50 \_\_\_\_\_  
 Total Enclosed \_\_\_\_\_ E-mail: \_\_\_\_\_  
 Department and Year Retired \_\_\_\_\_

**NEW MEMBERS NEEDED**

RESDC is asking help from the membership in recruiting new members in 2012. If you know a retired County employee who is not a member of RESDC or someone planning to retire soon, urge them to join our association.

Every County retiree should belong to RESDC. RESDC is the voice for retirees before the Board of Supervisors and the County Retirement Board.

Call the office at (866) 688-9229 for membership packets, and let's get started recruiting new members. Thank you for your help.



**Happy  
 Mother's Day!  
 May 13**