

October 4, 2006

The Editor
The San Diego Union-Tribune

To the Editor:

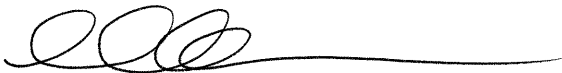
Your article (“S.D. debt is worse than first thought”, Oct. 3, 2006) states “San Diego’s financial hole is much deeper than previously suggested...the city’s share of the pension deficit has increased from \$1.39 billion to \$1.76 billion.” This statement is wrong and misrepresents the current status of the pension deficit.

Here are the facts.

Contrary to the assertion that the pension data wasn’t previously disclosed publicly, it was all disclosed in detail over 4 months ago in SDCERS’ 2005 Actuarial Valuation for the City in May.

More misleading is that the reporter mistakenly mixes apples and oranges: he just added \$369 million of “other liabilities” disclosed in May to the published unfunded liability of \$1.394 billion to get the \$1.76 billion figure. This ignores the fact that almost 65% of the \$369 million of other liabilities are offset exactly by specific plan assets. This results in no impact to the unfunded liability. And, the remaining other liabilities likely will be offset by other adjustments in the City’s upcoming 2006 actuarial valuation.

The real story, boring as it may be, is that the actuarial valuation published in May correctly states the City’s unfunded pension liability at \$1.397 billion, and SDCERS is developing a sound plan to retire this debt in a financially prudent way.



Peter P. Prevolos
President, SDCERS Board of Administration



David B. Wescoe
Administrator, SDCERS