

# City of San Diego Retired Employees Association Newsletter April 2006

Vol. 13, Issue 4

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April, 2006

## April 11<sup>th</sup> Meeting in War Memorial Building Balboa Park

Board Meeting..... 9:30 a.m.  
General Meeting..... 11:00 a.m.  
Program..... 11:30 a.m.  
Luncheon..... 12:00 p.m.

### Program

April's speaker is Bill Sheffler, Principal Consulting Actuary, Consulting Actuaries Inc. Mr. Sheffler has a B.A. in Economics and a M.A. in Mathematics. After service in the Army, in 1975 he joined Security Benefit Life, a mutual insurance company in Topeka, Kansas. He also worked for an international benefits consulting firm in New Orleans, Louisiana. He returned to San Diego to start his consulting practice in 1985. He is a member of several actuarial organizations, including the Society of Actuaries and American Society of Pension Actuaries. He is enrolled to perform actuarial services under ERISA, by the US Dept of Treasury and the Dept of Labor. As of December 2004, there were only 43 actuaries in the US with these qualifications. He will speak about the actuarial valuation, and critical elements that retirees should watch. And, outline what changes he sees for the system especially as far as Pension Reform Committee recommendations are concerned. There will be a question and answer period.

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### Today's Menu

**Chicken /Honey baked ham**  
**Green bean casserole/Sweet potato**  
**Waldorf salad/ Bread, butter**  
**Coffee, Tea, Lemonade**  
**Dessert**  
**Price: \$11**

*Reservations: call before Fri., April. 7th at noon*

Dora Garcia (619) 464-8595 or  
Sylvia Tatum (858) 272-0494

## Message from President Nancy Acevedo

Our board member Ross McCollum led the flag salute and introduced our guest speaker, CERS Investment Officer Doug McCalla. During Ross' 32 year career with the City, he served as the City's Capital Improvement Coordinator, Revenue Analyst and publishing of the annual budget, as well as serving with Doug's father, Howard McCalla, who headed the City's budget office for several years. Doug explained the City retirement system's funding - as a three legged stool, with one leg employee contributions, one leg employer contributions, and one leg investment earnings. He said that 70 to 80% of our pension dollars come from investment earnings. The CERS board goes through an elaborate process to assure investments continue maximum earnings with minimum risk. He stressed diversity of investments to minimize risk. When asked about personal investment strategies, he stressed "diversity, diversity, diversity". He also recommended making a plan to identify the percentage desired in each form of investment, such as stocks, bonds, real estate, etc., and monitoring to assure that the percentages stay as you selected, making adjustments as needed at least annually. Although the CERS strategy is more conservative than most, they continue to be in the top rank of systems earnings. Earlier in March, Joe Flynn and I met with Lisa Briggs, the Mayor's policy advisor assigned to pension issues. We wanted to "get acquainted" and open lines of communication. We expressed concerns about preserving the level of retiree health care benefits and stressed that the large majority of retirees do not have what have been called "cadillac" pensions.

In fact, that about 24% receive pensions of less than the Federal poverty level of \$12,649. Lisa was very receptive and appreciated receiving the information provided. We will work to keep this line of communication open

--Nancy

## More News...

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**SDREA WEB News!** Logon to <http://www.csdrea.com> Recently added to Press Articles Section: Several new articles from various sources relating to the ongoing pension issues. Find these and more in the members only section of our website.

For members who use library computers to access the web site, you may contact us to get the passwords, so you can read these interesting members-only articles.

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Remember, **GREETERS** can qualify for a complimentary meal at our December Holiday Luncheon. Volunteer a few minutes of your time. For details call Dora Garcia (619) 464-8595.

**Thank You April Greeter:  
Don Robbins**

### CSDREA Roster

President, Nancy Acevedo	(619) 579-5930
V-President, Programs, Ruth Ann Hageman	(858) 270-8530
V-President, Advocacy, Ty Rogers	(619) 233-1744
Treasurer, Sylvia Tatum	(858) 272-0494
Secretary, Patti Karnes	(858) 488-6895
Newsletter Editor, Lynn Swanson	(619) 698-1522
Retirement Board Rep., Joe Flynn	(619) 588-7078
Hospitality, Dora Garcia	(619) 464-8595

Sharon Beach, Sunshine Lady (858) 273-4067  
(Call Sharon Beach to send cards to members who are ill.)

## Retirement Trust Fund Board Update by Our Representative, Joe Flynn

On March 8, Harvey Leiderman, Fiduciary Counsel, spoke on the requirements and costs of a City Bankruptcy. Jay Goldstone, the Mayor's Chief Financial Officer told the committee "bankruptcy is not on the city's agenda." Leiderman said that the 1996 Bankruptcy cost Orange Co. \$100 million. Costs would be higher today. He also said that SDCERS is a separate entity and that pension funds cannot be taken by the City. The March 17 Board meeting had a great turnout of media for Cherion Inc.'s preliminary Actuary report. This report estimated San Diego's 2007 base payment the city must make to the Pension Fund is \$162 million which doesn't cover interest or reduce the deficit. There was a sigh of relief at City Hall. Mayor Sanders indicated that they were exploring other ways to pay down the \$1.39 billion deficit. The funding ratio (assets to liabilities) rose from 65.9% to 68.2%. The full report from the Actuary will be made at the April 21 meeting and more detail will be included. The March report was moved up to provide early information for the City Budget process. In March the Board also voted 7-2 to pay for legal defense for Larry Grissom, previous SDCERS Administrator and Lori Chapin, SDCERS General Counsel. They, and three former Board members, have been indicted by the U.S. Attorney. I was one of the no votes. I based that on the past principle and practice of the City and SDCERS of providing legal defense in civil but not criminal cases.

**Joe**

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