

City of San Diego Retired Employees' Association

Newsletter November 2007

Vol. 14, Issue 11

Visit our Website at www.csdrea.com

November, 2007

Nancy Acevedo, President (619) 579-5930
Carmen Lutes SDCERS Board Representative via website only
Sharon Beach, Sunshine Lady (858) 273-4067
(Call Sharon Beach to send cards to members who are ill.)

Board. Mr. Sheffler will invite discussion so come prepared with questions.

Mr. Sheffler will be introduced by Ross McCollum a member of our Association who served the City in various capacities for 32 years including his work in Financial Management Department and in the Community Services Program.

November 13th Meeting

War Memorial Bldg -Balboa Park

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

Message from President Nancy Acevedo

Our October speaker was Veronika Glenn of the Southern Caregiver Resource Center (SCRC). In addition to providing helpful information in her presentation, she provided numerous handouts on various assistance available, placement services and options, and information we need to have available for others. One suggestion was to post medications information on your refrigerator so that it is available if or when paramedics are called for assistance. She provided packets called "Vial of Life" that have magnets to attach to the refrigerator in which all necessary information can be given. Call or visit the SCRC to get one for each household member. They are located at 3675 Ruffin Road, Suite 230, San Diego 92123, phone (800) 827-1008.

Good news from CERS was that our retirement fund gained \$236 million, to \$5.2 billion.

Nancy

THANK YOU to our September Greeters:

James Veasley & Alyse Ford

Menu \$10

Oven Roasted Turkey
Yams / Green Beans / Ambrosia Salad
Pumpkin Pie w/ Whipped Cream
Coffee Tea Lemonade

Reservations: call before Fri., Nov 9th at NOON

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

SAVE the DATE!

December 13th

Holiday Lunch-Tom Ham's Lighthouse

\$19.00 per person

Reserve by December 5th

Mail checks payable to Treas. SDREA

4185 Galt St, San Diego, CA 92117

Program:

Our speaker this month is William Sheffler who in 2003 was appointed by the Mayor to the San Diego Pension Reform Committee and later to the San Diego City Employees' Retirement System. Mr. Sheffler has degrees in Economics and Mathematics. He heads up Sheffler Consulting Actuaries, Inc. and specializes in consulting on corporate and municipal retirement plans. He is by profession an actuary. Mr Sheffler will speak on current issues before the Retirement Board , Role of the Board contracted actuary, Purchase of Service Credits - and why the Board is making this an issue, insight on how retirees can let the Board know of our concerns, and ways that retirees can assist the

SDREA WEB News! Logon SD City Retired Employees Assn www.csdrea.com Members only section for the latest news. If you need the password, call or e-mail one of the board members.

HELP !! We need a volunteer to help with the newsletter. If you have modest computer skills (like basic word processing and e-mailing), please contact Lynn Swanson at Newsletter@csdrea.com This provides a valuable service to our members and can be done at home.

SDCERS Retirement Trust Fund Board Update by Carmen Lutes , Retiree Rep. to the Board

The meeting began with a Public Session regarding Purchase Service Credits (see summary below) Also, Ice Miller sent a letter to the IRS to clarify misleading information they received from the City Attorney about the SDCERS Voluntary Correction Program. The FY2006 CAFR should be complete by October 31st &

the FY2007 CAFR, by December 31. The new Website Improvement Project in the process of fine tuning. The DROP Account Interest Crediting Rate is currently 8 percent, but the Pension Protection Act of 2006 on governmental pension plans questions whether the DROP might constitute a “highbred qualified plan” therefore, the interest rate “...cannot exceed a market rate of return.” Thus, according to Ice Miller the actuarial assumed interest rate would not be allowed for plan years beginning on July 1, 2008, for active members in DROP because it is unsupported by the IRS.. The IRS regulations are not as yet finalized and a “...recommendation will be presented to the Board in November that the Board set the rate for calendar year 2008 at the actuarially assumed rate of interest, but subject to a mid-year correction on July 1, 2008, if required to comply with the Pension Protection Act.”

Special Public Meeting by Lynn Swanson

On October 19, 2007, many workers, retirees and city officials, packed a special meeting of the San Diego City Employees’ Retirement System Board to discuss a \$150 million fund deficit created by SDCERS undervaluation of service credits purchased by nearly 6000 current and retired city employees.

At the meeting, San Diego workers and retirees gave pension board members suggestions on fixing the problem. Another meeting is planned for November 16, 2007. The deficit can be attributed to former SDCERS officials miscalculating the cost of the benefit. The program allowed employees to purchase credits so they could count years they did not work toward calculating their pensions. Those who bought time, along with union representatives, called for

SDCERS to honor the purchase contracts and take no further action to ask them to absorb the added cost. In this case, the city would keep the responsibility for the expense. It was pointed out to the SDCERS board that many employees have already retired and to ask them for more money now would be a hardship without a remedy. Retirees feel it is unreasonable to try to “un-ring the bell” when the mistake was NOT theirs. On top of that, credits were bought with monies from other investments like SPSP and 401Ks. Some even borrowed on home equity to make their purchases. It would be an astronomical feat to recalculate and restore each to their previous status. Council member Donna Frye and City Attorney Michael Aguirre both told the board that workers and retirees should be made to pay the full costs of their benefits or only keep the share that their payments covered. Ann Smith, the attorney for the Municipal Employees’ Association who led the team that defeated Aguirre in court, made a brilliant presentation and told SDCERS they cannot consider litigation again because they have **already taken this issue to court AND WON**. Judge Barton has already ruled that SDCERS must pay these benefits. You can see Ann Smith’s complete presentation to SDCERS by visiting our website at

www.SDCREA.com

Perhaps the most heart wrenching speaker was Delores Johnson, who left her secretarial position last month at age 69 because she has become nearly blind in one eye. She is about to receive her first pension check and said her credits boosted her monthly pension to \$1,166, and she needs every bit of it. “I do not want you to take anything from my miserable little pension,” Johnson said.