

Retirement Board Update: Dec 8, Dec 14 and Dec 15, 2006

Reported by Joe Flynn

It has been a busy week, and your inbox may be overflowing with all the news coverage on the Pension Trial. By now you probably are familiar with the outcome, and the opinions, so I won't belabor the point. David Wescoe of SDCERS has written one article, and we will be awaiting the analysis from Ann Smith, attorney for MEA, the Wolverines, and Dan Coffey

Dec. 8, Disability Committee meeting: The review of existing disability retirements is continuing. Affidavits have been mailed to 178 retirees and 158 returned to date. Based on information contained in the affidavits and information received from other sources, 30 individuals have been scheduled for medical re-exams. Following the exams a number of these have been referred to an adjudicator for hearing for possible termination of benefits.

This review process is required by the Municipal Code, but had not been accomplished for over 20 years. This project was also suggested by the Mercer report of SDCERS in 2004 as necessary to prevent fraud and to protect the retirement system funds. Some cases reviewed to date show individuals who were declared physically unable to perform their job with the City, were placed on disability retirement. They then moved to another location and resumed the same or similar job. Others, declared physically incapacitated and given disability retirements have been filmed doing strenuous physical labor. These individuals will have an opportunity to present their case to an independent adjudicator. If the adjudicator recommends denial, the case returns to the Board for possible termination of benefits.

Dec. 14, Business and Governance Committee. We had a report from Roxanne Story Parks, our new Compliance Officer, with an update on our tax compliance program, which is moving along on schedule. Roxanne is also reviewing the 900 page Pension Protection Act of 2006 recently signed into law. She will be preparing for the Board, a summary of impacts on SDCERS. To me, anyone who will read a 900 page federal program and summarize it for me, goes right to the top of my VIP list. Just another reason why we appreciate Roxanne.

Speaking of Taxes, by now you should have received your TEFRA Notification forms. Each year you have the opportunity to change your income tax withholding information. Forms are included. And even if you elect **not** to change your withholding, you do have to fill out and return the forms to SDCERS. Don't bother to call them to ask if you have to return the

forms if you are not making any changes -- I asked that question (a couple different ways) and the answer is Yes, you do have to return the forms. And they must be received by SDCERS no later than Friday, January 12, 2007.

The Committee also reviewed an **update of the Board Rules on Election of Officers**. SDCERS will be moving to Voting by telephone via the "Interactive Voice Response." That is the process used by active employees who are given a "pin number" then call in to hear the names of the candidates and register their votes. Based on feed back on this system, I requested that the upcoming election for retiree representative be conducted via mailed paper ballots. But this will be the last year for paper ballots. The election in 2011 will be electronic, and SDCERS will conduct training prior to the election. Staff, and some of the committee, were not real crazy about the paper ballots. But as LBJ would say, "We reasoned together."

I left the Committee meeting and headed over the Tom Hams Lighthouse for the Holiday luncheon of the **City of San Diego Retired Employees Association (CSDREA)**. I was met there by my wife who asked, "Why are you late?" I said, "Well, at the Committee someone kept talking about wanting paper ballots for the retiree election." She said, "Well, why didn't you just leave?" I said, "I couldn't. I was the one doing the talking."

At the luncheon, **Board President Peter Prevolos** received the award given annually by CSDREA to the person they believe has contributed most to the Association and retirees. He was recognized for holding the Board together during tumultuous times, for being instrumental in establishing the independence of the Board, and for guiding the process to recruit and select the new SDCERS Administrator and new General Counsel. Peter's family, and David Wescoe also attended the luncheon.

Business and Governance Committee and **the full Board voted to continue the Drop account interest rate at 8% until December 31, 2007**. Discussion on alternative interest rates came back to the current wording in the Municipal Code stating that the Drop interest rate shall be the same as the actuarial rate established for the retirement fund, which is 8%.

This week in the mail you should have received a **Notice of Retirement Board Vacancy**, the Retired Member Representative. That election is to fill my position, which I will be vacating on March 31, 2007. Included in the notice is a Nominating Petition for those who may be interested in serving on the Retirement Board.

My term has been very interesting; we have come a long way, but there is much work yet to do - and we need a retiree representative to bring that

"mature perspective" to the Board with a voice for retirees. If you have questions about serving on the Board, feel free to email or call me. It has been educational and a truly rewarding experience. And you will have the opportunity to serve with an array of exceptionally qualified and dedicated individuals. And I will do whatever I can to assist the new representative to ease the transition. **Don't delay: the nominating petition must be received by SDCERS no later than January 2, 2007.**

In summary, 2006 has been an eventful and fruitful year. We have much to be thankful for. Many obstacles have been removed, questions answered, and major investigations completed. Through it all, your Retirement System has grown stronger and has a much improved management system. The Fund has also grown considerably and has now reached \$4.6 billion dollars in assets. So rest easy, have a Happy Holiday, and we will ring in the New Year with new optimism. See you in 2007, it's going to be a very good year!

Joe Flynn, Retiree Rep. to the Board