



NEWS RELEASE

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San Diego City Employees' Retirement System Lowers Interest Rate on Deferred Retirement Option Plan Accounts

SAN DIEGO – The San Diego City Employees' Retirement System (SDCERS) Board of Administration voted today to lower the interest rates on Deferred Retirement Option Plan (DROP) accounts, effective July 1, 2009. The current interest rate applied to DROP accounts is 7.75%, SDCERS' actuarial investment return assumption.

Effective July 1, 2009, active DROP participation accounts will be credited with interest at a rate of 3.54%, which is a composite of January's 12-month trailing averages of three 5-year indices: U.S. Treasury securities, bank IRA CDs and High Quality Corporate Bonds.

Also effective July 1, DROP annuity options will be calculated using an interest rate that is a composite of January's 12-month trailing averages of three 20-year indices: U.S. Treasury securities, High Quality Corporate Bonds and the Pension Benefit Guaranty Corporation's immediate annuity rate. Although this composite rate is 5.59%, the DROP annuity rate will be set at 5% in accordance with the provisions of the San Diego Municipal Code that limits the annuity rate to 5%.

The Board anticipates that interest rates for DROP participation accounts and annuity options will be recalculated each October based upon the 12-month trailing averages of these composite indices, with the recalculated rates becoming effective the following January 1st.

SDCERS is a trust fund administered by the Board of Administration for three plan sponsors: the City of San Diego, the San Diego Unified Port of San Diego and the San Diego County Regional Airport Authority. For more information, please visit the SDCERS website at www.sdcers.org.

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