Telephonic Retirement Counseling Appointments Will Continue

SDCERS provides members with personalized retirement counseling appointments. Since the COVID-19 pandemic and subsequent ban on in-person gatherings began in March of 2020, these one-on-one counseling appointments have been taking place telephonically. Although vaccinations have been widely disseminated, SDCERS intends to continue telephonic appointments for the time being. After the initial adjustment, staff has determined that many members actually prefer the telephonic appointments so they don’t have to worry about driving and parking downtown. Another convenience includes electronic document signing and the ability to email finalized forms. Virtual appointments have allowed members to attend their counseling appointments while running errands, taking care of their children, or lounging on the couch in their pajamas. Fire Safety member Ryan Ybarra even had his DROP entry counseling appointment while he was camping at Shaver Lake in the Sierra Nevada Mountains! He was able to sign the necessary forms on the same day using his phone. We will keep members updated when in-person appointments become an option once again. In the meantime, continue staying safe and healthy!

New Member Contribution Rates for Fiscal Year 2022

All members except Port and Airport employees hired before 2013 will experience new member contribution rates for the fiscal year beginning July 1, 2021. Member contributions are the mandatory pre-tax deductions on a member’s biweekly paycheck that are deposited into individual member accounts in the SDCERS Trust Fund, where they earn interest and ultimately fund each member’s pension benefit. Contributions are calculated as a percentage of the member’s pensionable salary on each paycheck. The percentage is determined according to the member’s plan tier and age of entry into SDCERS. Due in part to changing mortality assumptions, most members will experience slightly increased contribution rates. You can find your contribution rate chart in your plan tier’s Retirement Plan Summary on SDCERS’ website at www.sdcers.org, found under the “Resources” tab.

Visit SDCERS’ website and subscribe to receive future issues of our newsletters delivered directly to your inbox by clicking on “Email Signup” in the top right corner of the screen. You can also sign up to receive alerts and agendas for upcoming Board and Committee meetings!
Fiscal Year 2022 Cost of Living Adjustment ("COLA")

All SDCERS members who entered DROP or retired before July 1, 2021 received a COLA for fiscal year 2022. The increase was applied to each eligible retiree's monthly pension benefit, beginning with the July 2021 payment. Per San Diego Municipal Code section 24.1505 and section 1301 of the Port and Airport Plans, the COLA is calculated every year based on the change in the cost of living between the two previous Decembers, as published by the Bureau of Labor Statistics’ Consumer Price Index (“CPI”), United States – All items. However, the maximum allowable increase in any given year is 2.0%.

In years where the published COLA is greater than the maximum 2.0% (such as in July 2021), the amount over 2% is added to what is called a “COLA bank.” A retiree's COLA bank accumulates based on their fiscal year of retirement (or DROP entry), and each annual retiree group has its own COLA bank. In years that the CPI's published COLA is less than 2%, each retiree group's COLA bank may be able to increase the actual COLA received by the retiree up to the maximum of 2%, if that retiree group's COLA bank has a balance left over from years where the published COLA was greater than 2%.

According to the CPI, the change in cost of living between December 31, 2019 and December 31, 2020 was 1.362%. Due to the fact that this year's COLA is less than 2%, different COLAs were approved for different retiree groups, depending on the member's retirement (or DROP entry) date and COLA bank, as follows:

<table>
<thead>
<tr>
<th>Retirement or DROP Entry Date</th>
<th>FY 2022 COLA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Before 7/1/2005</td>
<td>2.0%</td>
</tr>
<tr>
<td>Between 7/1/2005 and 6/30/2017</td>
<td>1.8%</td>
</tr>
<tr>
<td>Between 7/1/2017 and 6/30/2020</td>
<td>1.7%</td>
</tr>
<tr>
<td>On or After 7/1/2020</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

(The two members in the 1981 retirement plan received a COLA of 0.8%.)

Proposition B Status Update

Proposition B ("Prop B") was a City of San Diego ballot measure that closed the pension system to all employees initially hired by the City on or after July 20, 2012, except for sworn police officers. Since its inception, Prop B has been embroiled in litigation that ultimately ended in April 2021, after the California Supreme Court ruled that it was illegally enacted and a trial court subsequently invalidated the measure. Since the invalidation, the City and relevant labor unions have been in negotiations to figure out exactly how to implement Prop B's invalidation. The first step was to reopen the pension system to all new City employees hired on or after July 10, 2021.

As of the date this article was written, negotiations are ongoing regarding how, when, and under what circumstances City employees (non-police officers) hired between July 20, 2012 and July 10, 2021 will become SDCERS members. SDCERS was not a party to the litigation and is not a participant in these negotiations. Once negotiations are finalized and SDCERS receives direction regarding the outcome, employees affected by Prop B will be contacted with more information. SDCERS will take appropriate actions to ensure affected members receive any and all pension benefits to which they are entitled.

2021 Annual Member Statements

Every summer, all SDCERS Members who have not yet retired or entered DROP receive an Annual Member Statement in the mail. The purpose of this mailing is to provide you with updated information about your SDCERS account according to current data in our records. This annual communication also gives you the opportunity to correct any outdated or incorrect information listed in our records – the most important being your beneficiary designations. When you receive your Annual Member Statement this year, be sure to review the “Beneficiary Information” section at the bottom. If this section is blank, or if any of the beneficiaries listed in this section need to be updated or removed, including their “Relationship” classification (e.g., from spouse to ex-spouse), please update your beneficiary designations as soon as possible. You can do this by logging in to your Member Portal account via the SDCERS website, or by calling SDCERS and requesting a Change of Beneficiary Designation form.

New Faces on SDCERS’ Board of Administration

The composition of SDCERS’ 13-member Board of Administration looks very different today compared to a year ago, due to more than half of the Board Members’ terms ending earlier this year. As we reported in our winter 2021 newsletter, the Board Member elections in February resulted in a new Fire Safety Board Member (Paul Lotze) and two new General Board Members (Bret Bartolotta and Sarah Mayen). Since then, Mayor Todd Gloria has appointed four new Board Members – Natasha Collura, Michelle Bush, Lisa Marie Harris, and Louie Nguyen. SDCERS staff is looking forward to working with our “new” Board Members as they oversee the administration of the City, Port, and Airport’s pension plans while exemplifying SDCERS’ core values of Customer Service, Accountability, Professionalism, Fiduciary, Integrity, and Transparency.