SDCERS Launches New Website!  

by Rebecca Wilson

We're pleased to announce that on August 5, 2003, SDCERS launched a brand new website at http://www.sdcers.org. The site was created to help you, our members, easily access information about your retirement system at all hours of the day or night. The site sports a plethora of information on benefits, downloadable forms and publications, as well as a benefit calculator that can estimate your retirement allowance in four easy steps.

The site is easy to use and organized into 5 simple categories:

- About SDCERS
- Benefits
- Health Insurance
- Investments
- Publications

Within these five categories you will discover not only who we are and what we do, but also how the fund is doing financially and what types of benefits you may be eligible for. Peruse the About SDCERS section to learn more about our Board of Administration or check out the Publications section to download a change of address form. We created this website for you and hope that you find it helpful in more ways than one. We will continue to develop and improve the site over time and hope you will help us do that by telling us what you like and what you would like to see added or changed in the future. If you have ideas, go to the contact page and send us a note. It’s easy and we would like to know what you think.

So, take a moment and head to your local computer, log onto the world wide web and visit: www.sdcers.org
GOOD NEWS! Recent investment “thunderstorm and tornado activity” and their associated ill-winds and rattling shutters have not shaken Grandma’s house from its well-constructed foundation.

After three seemingly endless years of declines in the world’s stock markets, the last quarter represented a dramatic turnaround. With their best quarterly performances in 4 1/2 years, stock markets benefited from: the end of the Iraq war; the lowest interest rates in more than four decades; improving corporate profits; the rapid containment of a potential global SARS epidemic; U.S. tax cuts; and hopes for ongoing economic recovery.

During this rapid transition from uncertainty to optimism, SDCERS remained disciplined and rebalanced its portfolio, unlike many other public pension plans. This was done to maintain the long-term asset allocation strategy adopted by the Retirement Board. In late February, SDCERS took $60 million in profits out of bonds and reinvested it in stocks. This discipline in adjusting the stock and bond allocations back toward their desired targets contributed to a very successful quarter for SDCERS. For the quarter ending June 30, 2003, SDCERS’ Trust Fund was up 12.81%, placing it in the top 4% of public pension plans.

For the one-year period ending June 30, 2003, SDCERS’ investment performance was in the top 25% of public pension plans, with a total return of +5.26%. For the last three years, SDCERS had an annualized rate of total return of +0.65% which ranked in the top 12%. SDCERS was also in an elite group of public pension plans having positive instead of negative returns during this three-year period spanning the worst bear market since the Great Depression.

Annualized returns of 5.18% for the last five years placed SDCERS’ performance in the top 6% of public pension plans. For the last ten years, SDCERS’ annualized rate of total return was 8.76%, besting the long-term 8% actuarial assumed investment rate of return. This level of performance placed SDCERS in the top 22% of public pension plans for the last decade. For the 14 1/4 years since the Retirement Board has been providing direct policy oversight to the asset allocation process, SDCERS has earned 9.83% annualized, ranking in the top 23% of the public pension plan performance universe.

This 14+ year measurement period dates back to 1989, when the Retirement Board took on a more active and direct role in setting investment policy and implemented it with multiple specialist asset managers. Prior to 1989, the Fund had just one investment manager who decided the asset allocation mix. In the ten-year period ending June 1989, SDCERS ranked very near the bottom of the public pension plan universe in relative performance in spite of having a 10-year annualized rate of return of 12.5%. The level of relative performance improvement SDCERS has achieved compared to other public pension plans in the last 14 years is noteworthy to say the least. For example, SDCERS performance compared to CalPERS for the one, three and five

Continued on page 3
year periods ending 6/30/03 for which CalPERS data is available, is as follows:

<table>
<thead>
<tr>
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<th>1 Yr</th>
<th>3 Yrs</th>
<th>5 Yrs</th>
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<tbody>
<tr>
<td>SDCERS</td>
<td>5.26%</td>
<td>+0.65%</td>
<td>5.18%</td>
</tr>
<tr>
<td>CalPERS</td>
<td>3.90%</td>
<td>-3.26%</td>
<td>2.39%</td>
</tr>
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Despite the recent turnaround in the total return performance of the stock markets and the SDCERS Trust Fund, investment opportunities and results were unable to produce enough realized income to meet the eligibility requirements for payments of the 13th check or the Corbett Settlement to retirees for the year ending June 30, 2003. On a positive note, however, the recent rebound in the markets has enhanced SDCERS' potential to produce realized returns going forward in FY 2004. Let's hope that the financial markets remain favorable!

In July 2003, the Retirement Board completed its review of the long-term asset allocation strategy. The Board decided to make no changes to the current well-diversified investment program. The asset allocation targets continue to be: 38% U.S. stocks, 15% international stocks, 32% U.S. bonds, 5% international bonds, and 10% real estate. This asset allocation policy continues to be more conservative than that of the average public pension plan.

*Best wishes for a prosperous year from your Investment Staff.*
Every once in a while you meet a person who is genuinely appreciative of all that they have. Someone who gives as much as they receive, if not more. Ed Spicer is one such person.

You may have known Ed as deputy director of Development Services for the City. Maybe you knew him as one of the team members on the Brown Field redevelopment project or the award winning House of Hospitality reconstruction project. But, if you never got the chance to meet Ed while he was working here, you might want to head over to central Arizona to get a glimpse of a man working hard to help people and make a difference in his retirement years.

Ed retired from the City in 2002 with a comfortable pension check and his life savings sitting in a 401(k). Knowing that he wouldn’t have to dip into his savings for at least another nine years, Spicer maintained his aggressive investment portfolio instead of moving everything to a more conservative fund. Ed has a high tolerance for risk. He’s also a comprehensive planner.

At the time of his retirement, Ed planned to start work on accomplishing four specific goals:

1. Join a search and rescue team,
2. Continue his education,
3. Help the local Native American tribes, and
4. Start a not-for-profit business.

Lofty goals, some would say, but Ed had been a fighter pilot with the Air Force in Vietnam. He had also flown for the Civil Air Patrol, received a master’s degree in structural engineering and was an avid marathon runner. To say Ed is an overachiever, is an understatement.

Soon after selling his home in San Diego, Ed moved to Arizona and quickly joined up with the Tonto Ridge Search and Rescue Team, where he helps lost hikers and fallen climbers out of sticky situations and back to safer territory. Goal #1…Accomplished!

Goal #2, Ed admits, is going to take a bit longer to accomplish. He’s currently studying for his bachelor’s degree in anthropology and is scheduled to finish in 2005.

In the mean time, goal #3 is a work in progress. He recently began working with the local Native American tribes to develop fire evacuation plans and repatriation projects. “Quite often, these folks are victims of forest fires and other natural disasters. We have to work together to keep everyone safe,” says Spicer.

And if that isn’t enough, Ed has established a not-for-profit company called “Fly by Night” Wilderness and Cultural Trips Guide Service, which takes small groups of travelers, free of charge, on various wilderness and cultural trips. Kayaking in Baja, Shakespeare in Utah, or chamber music in the Grand Canyon anyone? Ed will not only take you there and show you the sights but he’ll give you an education you’ll never forget. Goal #4…Accomplished!

Accomplishing these goals was always Ed’s priority, so the heart attack he suffered earlier this year was a complete surprise. “I didn’t take into account that when you retire your whole routine changes. I wasn’t eating and exercising the way I did when I was working full time. My blood pressure went up shortly after I retired, but I didn’t really do anything about it. You have to pay attention to stuff like that. And don’t forget to plan for your health insurance in retirement. It’s something to really plan for because it’s only getting more expensive.”

So, now Ed is awaiting the reinstatement of his pilot’s license following a mandatory six-month medical suspension. But don’t think he’s just sitting around twiddling his thumbs. Spicer just returned from a 35-day archaeological camp with a group where “we slept on the ground and had no hot water” and is planning a trip to China to study ancient archaeological sites like the terracotta warriors of Xian.

And of his time with the City, Spicer says “I am eternally grateful for being given the chance to work with such professional, accomplished, dedicated, wonderful people during my 13 years at the City.”

Hey Ed! We think you’re pretty good, yourself.
Libraries Move Beyond Dusty Books and Aging Resources

Most people know that if you’re looking for a good book, the library is a sure bet. But did you also know that libraries offer a host of new technology and services for the entire family? For the low, low price of FREE you can check out CDs of your favorite recording artists, VHS and DVDs of popular movies, as well as read all the latest news and entertainment from over 4,600 magazine and newspaper subscriptions. And, if that’s not enough, the Central Library regularly screens independent and foreign films in the third floor theater, all at no extra charge!

Today, libraries are not just places for your kids to do their homework; they are major centers of community activity and gateways to the electronic age. Along with reading and literacy programs, business and tax resources, an official Patent and Trademark Depository and a special book collection that includes a copy of the “World’s Smallest Book,” the library system also boasts:

- Computers with internet access at every branch,
- Beginning-to-advanced software classes, and
- Access to an extensive collection of online resources.

With 24 new or expanded libraries in various stages of development, including a new main library scheduled to break ground in 2004, it’s time to rediscover your local library and check out what’s new.

For more information about the library, its building projects, branch locations and more, visit their website at: www.sandiego.gov/public-library.

CHECK IT OUT!

The City of San Diego Library system has 35 branches including the Central Library downtown. Check out the great programs and services going on around the city:

- Fall Concert Series
- Computer Centers with Free Internet Access
- Free Film Screenings
- Official Patent & Trademark Depository
- Special Collections including a copy of the “World’s Smallest Book”
- READ/San Diego – Adult Literacy Program
- Regional Center for Disabled Services
- Extensive Tax Resources, Forms and Information
- Book Reviews and Lectures
- Performances and Storytelling Festivals

…and much, much MORE!

To receive the library’s monthly email newsletter, go to their website at www.sandiego.gov/public-library and click on: “News & Events” then click on the link that says: “Subscribe to Library Connection Newsletter.”
Retiree Update

By Dave Crow, Retiree Representative

THE SKY IS FALLING, ER, UH, MAY BE FALLING, ER, LOOKED LIKE IT MIGHT FALL, WELL REALLY,... THE SKY IS BLUE.

For the past several months you have read about the lawsuits claiming that the retirement system was in terrible shape. You have seen several articles and opinion pieces that have all carried the same message: the sky is falling, the retirement system is in terrible financial shape, your pension benefits are in jeopardy and board trustees have mismanaged the system by allowing the City of San Diego to grossly underfund the System.

The truth is, none of your vested pension benefits are in jeopardy! Period. The only benefits you have not received are the 13th check and the Corbett lawsuit payment which are, and always have been, “contingent” upon the system having enough “surplus” undistributed earnings each fiscal year to pay them. With the losses in the stock market in the last several years, there is no way that those contingent benefits would have been paid in 2002 regardless of any “under-funding” by the City.

The City’s “under-funding” is a result of the Board agreeing to allow the City to pay a lower contribution to the System for a few years. The City, in return, has agreed to increase its payments in later years to make the system “whole” by FY2009. In my estimation, this is similar to refinancing a mortgage or a car loan. While it is true that the City has a heavy burden to find the money to make the necessary payments, that is precisely what they agreed to do and are expected to do.

The bottom line...your vested benefits will be paid to you each month. There are sufficient funds right now in the retirement fund to assure that. When the “market” recovers and earnings increase, your accrued Corbett payments will be made.

So, don’t let the “doom and gloom” reports ruin your retirement days. What the City does to assure that the system is fully funded and that retiree health care is funded are matters that have yet to be decided. Instead, enjoy what you’ve worked so hard to achieve.
CARECOUNSEL TIP

ASSERITIVE HEALTHCARE STRATEGIES

The days when you went to a neighborhood doctor who cared for you most of your life, are long past. The era of the health care consumer has arrived. But you may not be ready to take on this role. Telling your doctor or health plan what you expect and taking an active part in your health care can seem a daunting task to some. But researchers like Sherrie Kaplan, PhD, of the Primary Care Outcomes Research Institute have shown that the physician-patient relationship has a big impact on health outcomes. Her research shows that when patients take more control in medical visits by asking questions and expressing emotions, they tend to improve their health status. This includes subjective evaluations as well as physiologic measures like lower blood pressure in hypertensive patients and more stable blood sugar levels in diabetics. The suggestions listed below can serve as a starting point for taking control of your health care.

General Principles
- Be direct and honest
- Be realistic
- Listen before talking
- Be persistent
- State your expectations
- Accept responsibility for your own actions
- Be informed and know your:
  - Rights
  - Responsibilities
  - Benefits

Remember, it’s your health. If your physician doesn’t seem to be addressing your questions or giving you enough time, it’s OK to take an assertive stance. Like the research shows, patients who take charge of their own healthcare issues and seek out information tend to have better health results.

Board Votes to Increase Purchase of Service Credit Rates

At the August SDCERS Board of Administration meeting, the Board voted to increase calculation rates for Purchase of Service Credit (PSC) contracts beginning November 1, 2003 for active City of San Diego employees.

PSC calculation rates have been the same since the inception of the 5-year purchase program in 1996. A recent evaluation by the actuary resulted in a recommendation that the cost be increased to the following percentages of an employee’s current annual salary:
- General Members: 27%
- Safety Members: 37%
- Elected Officers: 50%

Active City of San Diego employees interested in purchasing service credit using the lower rates must fill out a Purchase of Service Credit Request form and return it to SDCERS no later than October 31, 2003.

Forms can be downloaded from our website at www.sdcers.org under the forms section or you can call our office at 619-525-3600 to request a form.

*Increased rates do not apply to calculation of military time, probation or refunded contributions.

CITY PARTNERSHIP WITH VERIZON WIRELESS

On November 20, 2000, the City entered into a marketing partnership agreement with Verizon Wireless. This marketing partnership is a commitment by Verizon Wireless to offer personal wireless services to City employees, retirees and their family members at reduced rates. To sign up for the special rate plan, please contact Soraya Lopinto, the Verizon Wireless Account Manager, at (858) 625-7731. If you need additional information, please contact Mary Braunwarth at (619) 533-3450.
For the first time, the Board of Directors of the Retired Employees Association has adopted an annual budget. In the process, it became very clear that in order to keep the Association in good financial health, we would need to implement a dues increase to our membership. For as long as anyone can remember, dues have been 50 cents per month. Unfortunately, dues at this level do not even cover the cost of preparing and mailing our monthly newsletters to members much less any of the other costs the Association incurs including: providing a free lunch to first-time attendees; preparing agenda packages for the Board of Director’s meetings; preparing, printing and distributing the Board and General member’s meeting minutes; preparing, copying and mailing related to the Treasurer’s reports and membership records; the annual recognition award; and the annual Board retreat to identify the Association’s goals for the year.

With this in mind the Board has voted to recommend to the General members that dues be increased to one dollar per month for those paid by payroll deduction and $18 per year for those paid by check. According to the Association’s by-laws, this proposal is to be presented at the October meeting and, if approved by a majority of those present, will be adopted effective January, 2004. Please note that if approved, this change will not affect our “life members” (those over 80 years of age who request it), whose membership is without cost.

In order to provide your input to the discussion of the dues increase proposal, be sure to attend our meeting on Tuesday, October 14th, at 11:00 a.m., at the War Memorial Building in Balboa Park.

On another subject, in the last issue of Free Spirit, you were told that the Retiree Issues Task Force had sent a letter to the City Attorney, providing background information on the retiree health benefit and asking, once and for all, whether this is a vested benefit and, if so, for which employees (since members have retired under different benefit programs). We have not yet received a response. When we do, we will report it to you.

Retiree Association Request for Membership or Change of Address, Phone and/or E-mail

Name: ____________________________

Address: ____________________________

City/State/Zip: ____________________________

Phone: (       ) ____________________________

eMail: ____________________________

Clip out and send to: Sylvia Tatum, Treasurer
City of San Diego & San Diego Port District Retirees Association
4185 Galt Street, San Diego, CA 92117-1126 • Phone: 858-272-0494

Retiree Association Board Members

Nancy Acevedo
President
619-579-5930

Merrill Day
Vice President
619-222-1268

Bob Cain
Secretary
619-282-9692

Sylvia Tatum
Treasurer
858-272-0494

Dave Wood
Immediate Past President
619-229-0694

San Diego Retired Employees Association
4185 Galt Street, San Diego, CA 92117-1126
While our country, our state and our city are still struggling in many areas, I would like to begin on a more personal note. I would like to send out our sincere condolences to the families and friends of the three local police officers, killed in the line of duty. San Diego Officers Gerald F. Griffin and Terry W. Bennett and Oceanside’s Officer Tony Zeppetella each died while doing their duty, protecting their citizens. As Safety Officers, especially here in San Diego where we created an Association of Fire and Police back in 1948, we are “Family” and a loss, especially in the line of duty is a tragedy felt by all.

I want to commend Ms. Patti Rhode of El Camino Memorial Park for working with Terry Bennett’s family and personally taking care of the arrangements. We are indeed fortunate to have such a place where we can honor those we have lost.

On a lighter note, thanks to Jim Caster, our website is up and running and looking good. I would urge all of you retired Fire and Police (especially those of you who are not members) to give us a look at www.sdrfp.com. Many of your Fire and Police comrades have worked hard, protecting and improving our benefits. If you can spare a couple bucks a month, we would appreciate your membership. It’s never too late to join. There is an application form on the website, or you can contact any board member.

Our next General Meeting (Luncheon) will be Saturday, October 18, 2003 at Tom Ham’s Lighthouse at 11:00am for members and spouse/friend. Application forms will be at the door if you would like to become a member at that time. DROP members are eligible.

All of our committees are still active. Our major concern at the moment is the cost of our Medical Plans. Meetings are being scheduled to look for solutions.

Finally, I want to congratulate and welcome William Lansdowne, our new Chief of Police. You have indeed become part of a great organization and we in the retired community look forward to meeting and working with you.

We will cover more in our quarterly newsletter, so for now, thanks for being there.

*Jim Kline, President*

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**SDCERS BOARD ELECTION RESULTS**

Congratulations to our newest SDCERS Board member, Charles Hogquist – Police Safety Representative. Mr. Hogquist replaces Tom Rhodes following a very close run-off election held in June. SDCERS wants to thank Mr. Rhodes for his years of hard work on the Board and wishes him well.

**FIRE PREVENTION TIP OF THE QUARTER**

**BATTERY CHECK**

Have you checked the batteries in your smoke detectors lately? If not, it may be time to replace them. Installing smoke detectors outside all sleeping areas of your home and on every level can keep you and your family safe from fire tragedy. If you are hearing impaired, you can purchase detectors that can trigger a strobe light or even shake the bed you’re sleeping in.

For more information about smoke detectors and fire safety, visit www.american-firefighter.com.
Recent Retirements

George Alexander
Fire-Rescue Department

Lynette M. Anders
Fire-Rescue Department

Gerald F. Berner
Police Department

Richard I. Bowden Jr.
Fire-Rescue Department

James R. Brown
Water

Pepito B. Burlaza
Transportation

Mary D. Bush
Auditor & Comptroller

John Casey
Development Services

E. Jane Clark
Engineering & Capital Projects

James H. Clem
Police Department

James Collins
Community & Economic Development

Laura R. Converse
City Clerk

Benton R. Coulter Jr.
Police Department

Salvatore A. Dalfio
Auditor & Comptroller

Ronald O. Davis
Fire-Rescue Department

Edward A. Devowe
Police Department

Percival A. Divinagracia
Engineering & Capital Projects

David M. Duke
Fire-Rescue Department

Yvonne D. Ellen
Police Department

Michael Gillespie
Police Department

Maxine F. Gorman
Library

Michael D. Havrilla
Metropolitan Wastewater

Nga T. Huang
Auditor & Comptroller

Bernadine Hurley
Library

Nicholas D. Irwin
Water

Donna M. Keating
Unified Port District

Cynthia J. Lambert
City Attorney

Eugene B. Lathrop
Planning

David Lowney
Park & Recreation

Ralph A. Lufkin
Fire-Rescue Department

Pauline Marrs
Library

Leroy McDowell
Police Department

Cristie McGuire
City Attorney

James E. Messersmith
Metropolitan Wastewater

Lawrence C. Monserrate
Development Services

James M. Mueller
Metropolitan Wastewater

Jack E. Neptune
General Services

Robert J. Nigro
UPD – Harbor Police

Juan Ortiz
Library

Sally Padilla
Metropolitan Wastewater

Benjamin F. Pasana
Police Department

Douglas Pendarvis
Police Department

George A. Phillips
Police Department

Steven J. Powers
Fire-Rescue Department

Antonio C. Puente
Police Department

Ernest Purter
Utilities

Dwight P. Reece
Police Department

Susan E. Roos
Police Department

Steven L. Smith
Fire-Rescue Department

Daniel C. Teague
Fire-Rescue Department

Robert J. Terrien
Fire-Rescue Department

Robert A. Weirich
Fire-Rescue Department

Murdock Weltzien
Police Department

Albert Wong
General Services
Bonita L. Abbe
Building Department

Sam H. Baugues
General Services

Terry W. Bennett
Police Department

Edward H. Benson
Water

Lynda S. Crane
Water

Troy Estrada
Park & Recreation

Robert F. Evans
Police Department

Jerry C. Fort
Personnel

Jesus M. Flores
Police Department

Robert L. Glasgow
Fire-Rescue Department

Lorenzo R. Green, II
Neighborhood Code Compliance

Gerald K. Griffin
Police Department

Frank N. Hunter
Fire-Rescue Department

Ralph Jacobs
Fire-Rescue Department

Charles A. Leonard
Data Processing Corporation

Bruce A. Meiser
Fire-Rescue Department

Lioubov I. Neverov
Library

Manuel F. Perez
Metropolitan Wastewater

Lanas D. Phillips
Engineering & Development

James Poppolardo
Park & Recreation

Tim C. Rothans
Real Estate Assets

Edgar M. Thomas
Building Department

Robert A. Whaley
Police Department

Sammy G. White
Metropolitan Wastewater

Roy L. Wolff
Development Services

Fred S. Wright
Fire-Rescue Department

IMPORTANT PHONE NUMBERS

SDCERS Retirement Office
619-525-3600
Toll Free
800-774-4977

American Express
401K/SPSP
Information
800-626-6504

Deferred Compensation Information
(AIG/VALIC)
888-568-2542

Risk Management
619-236-7300
Flexible Benefits Plan
619-236-5924

Workers Comp
619-236-6395
CareCounsel
888-227-3334
Providing the latest news and valuable information about retiring and retirement.

FreeSpirit is published quarterly by the San Diego City Employees’ Retirement System.

Rebecca Wilson
Editor

We welcome your articles and suggestions. Please submit them to Editor, San Diego City Employees’ Retirement System, 401 B Street, MS 840, San Diego, CA 92101-4298.

WEBSITE – WWW.SDCERS.ORG

WHAT’S INSIDE

SDCERS Launches New Website ......................... 1
Message from the Administrator ...................... 1
Investment Corner ........................................ 2
Board of Administration ................................ 3
Member Profile ............................................ 4
Libraries Move Beyond Dusty Books & Aging Resources . . . . . 5
Retiree Report ............................................. 6
P.S.C. Rate Increase ..................................... 7
City Partnership with Verizon ......................... 7
Retiree Association News .............................. 8
Retired Fire/Police Officers’ Assoc. Message .... 9
SDCERS Board Election Results .................... 9
Recent Retirements .................................... 10
In Memoriam ............................................. 11
Important Phone Numbers ......................... 11

Stay Tuned for the Next Issue!