

Free Spirit

San Diego City Employees' Retirement System

Volume 5, Issue 2

Fall 2004

Message from the Administrator

About this time last year, the local press and general public were voicing grave concerns about the health and well being of your retirement system. In response, the SDCERS Board hired an independent audit firm, Mercer Human Resource Consulting (Mercer), to conduct three comprehensive audits of the system including an Actuarial Audit, an Investment Operations Audit, and a Best Practices Audit.

Each of these audits was conducted by thoroughly reviewing documentation, interviewing staff, and evaluating the findings based on policy adherence, industry standards and legal compliance.

The Retirement Board has received Mercer's reports on the Actuarial Audit and the Investment Operations Audit. I'm very pleased to report Mercer has confirmed that SDCERS is a sound system with proper actuarial and investment policies and procedures. Overall, Mercer found nothing to indicate that your vested retirement

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SDCERS Earns Olympic-Quality Investment Returns

By Doug McCalla, Chief Investment Officer

SDCERS ended the June 30, 2004 fiscal year with an exceptional total annual return of 20.02%. This performance places SDCERS' investment program in the third percentile for performance as compared to other public pension plans over the past one-year period and in the first percentile for performance over 3 and 5 years. For the last 10 years, SDCERS ranked at the 11th percentile with an annualized return of 10.63%. This is a solid achievement by the SDCERS Board, illustrating that patience and discipline in an investment program are key elements to providing stable, long-term results.

SDCERS earned these returns with a disciplined, balanced and well-diversified approach to the asset allocation structure. SDCERS' current target asset allocations are: 38% to domestic (U.S.) stocks; 15% to international (non-U.S.) stocks;

32% to domestic (U.S.) fixed income securities such as bonds; 5% to international (non-U.S.) fixed income securities; and 10% to U.S. real estate and real estate securities. This asset allocation strategy was recently reviewed and reaffirmed by SDCERS' Board at their July 2004 meeting.

In addition to the strong total return performance, SDCERS

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SDCERS' Returns for FY 2004

Net assets as of June 30, 2004, were \$3.246 billion (unaudited).

SDCERS Receives Two Awards for Its Fiscal Year 2003 Financial Reports

by Dawne Clark, Assistant Investment Officer

The Government Financial Officers Association of the United States and Canada (GFOA) has awarded the Certificate of Achievement for Excellence in Financial Reporting to San Diego City Employees' Retirement System (SDCERS) for its FY 2003 Comprehensive Annual Financial Report (CAFR). This award is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a governmental agency and its management. SDCERS' FY 2003 CAFR has been judged by an impartial panel to meet the high standards of the program including demonstrating a constructive "spirit of full disclosure" to clearly communicate its financial story and motivate potential users and user groups to read the CAFR.

Additionally, GFOA has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to SDCERS for its Popular Annual Financial Report

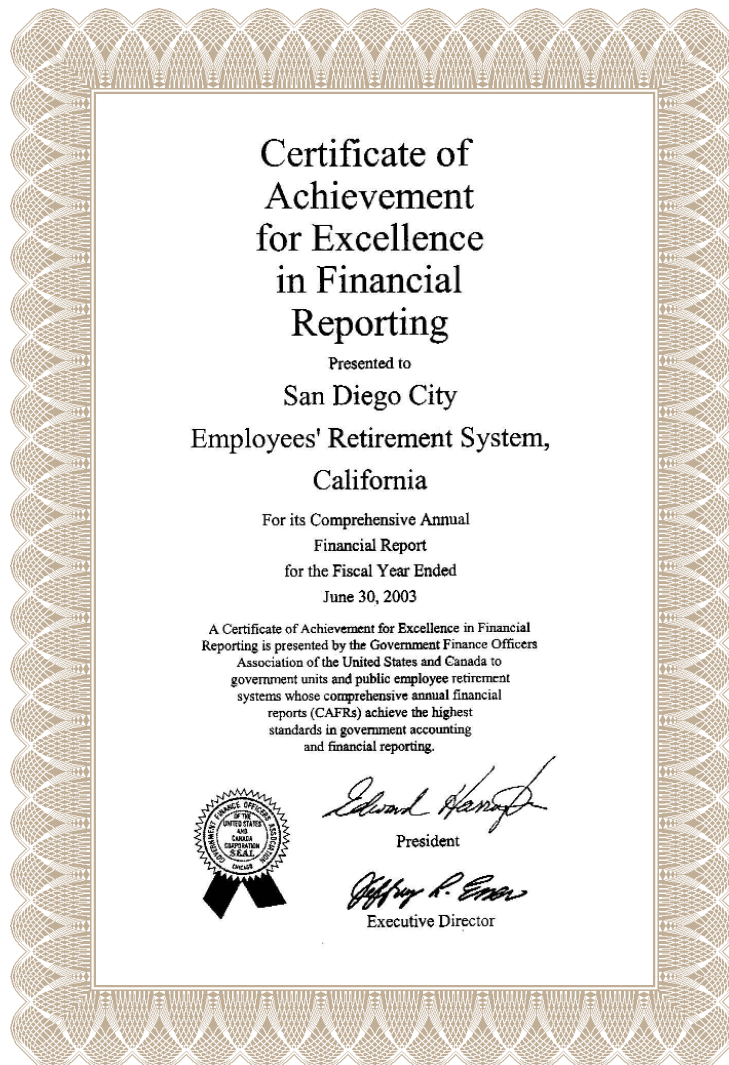
(PAFR) for the fiscal year ended June 30, 2003 (FY 2003). The PAFR Award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports. In order to receive a Popular Reporting Award, a government unit must publish a PAFR, that conforms to program standards of

creativity, presentation, understandability and reader appeal.

These two awards are valid for a period of one year only. SDCERS has received a CAFR Award for the last four years (fiscal years ended 2003, 2002, 2001, and 2000) and a PAFR Award for the last two years (fiscal years ended 2003 and 2002).

SDCERS' FY 2003 CAFR and PAFR are both available on SDCERS' web site at www.sdcers.org, under Investments, or a copy can be requested by calling (619) 525-3600. SDCERS is currently preparing the FY 2004 CAFR and PAFR. These reports will continue to conform to the program standards of full disclosure set forth by GFOA. SDCERS' FY 2004 CAFR and PAFR will be issued in December 2004 and will once again be submitted to GFOA for review.

GFOA is a non-profit professional association serving approximately 15,000 government finance professionals with offices in Chicago and Washington DC.





BOARD OF ADMINISTRATION

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VICE PRESIDENT

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General Member Representative

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Council Appointed

Terri Webster
Auditor & Comptroller's Office

Sharon Wilkinson
General Member Representative

SDCERS ADMINISTRATOR

Lawrence B. Grissom

BOARD MEETINGS

(Open to the public)

Date: Third Friday
of every month

Time: 1:30 p.m.

Location: 401 B Street, Ste. 400
San Diego, CA 92101

Phone: 619-525-3600

♿ This facility is wheelchair accessible!



City Partnership with Verizon Wireless

In 2000, the City of San Diego 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 our Verizon sales representative, Aaron Reid, at (619)972-3079. For detailed information visit <http://citynet.sannet.gov> and click on the Employee Benefits link.

Administrator's Letter, continued from page 1

benefits are in jeopardy. And while they made some very helpful recommendations, Mercer also made several encouraging statements such as "The Investment program has delivered superior performance over the long-term period under review compared to similar public retirement systems."

We are proud of the work we are doing here at SDCERS and it is gratifying to receive a "clean"

audit from a reputable national auditing firm such as Mercer. We intend to review their recommendations and suggestions carefully, and try to improve our processes wherever possible. Our goals remain to provide the best service possible to all active members and retirees, and to continue to safeguard the SDCERS Trust Fund for all our members.

Lawrence Grissom



Summary Plan Descriptions Updated for Active City Safety Members



Summary Plan Descriptions (SPD) for active City of San Diego Police, Fire and Lifeguard members are now available online at our website at www.sdcers.org.

SPDs provide valuable information about retirement, disability, death and survivor benefits for specific member groups and their beneficiaries. Your current job classification determines the plan group that you belong to.

If you are a member of the Police/Safety, Fire/Safety or Lifeguard/Safety group with the City of San Diego, an official copy of the appropriate SPD was mailed to your home address in early August. If you did not receive a copy in the mail or have belonged to more than one SDCERS group or plan during your career, please contact SDCERS at (619) 525-3600 or download a copy of the SPD of your choice at our website at www.sdcers.org.

Investment Report, continued from page 1

finally earned sufficient investment income and net realized gains during FY 2004, posting a 9.76% annual realized return, to pay all contingent benefits to retirees, including the 13th check and current and accrued Corbett Settlement payments. This is positive news for our retired participants and their beneficiaries! SDCERS will pay these benefits with the November pension payroll checks.

As the U.S. economy continues to show signs of strength with an improving job market, the Federal Reserve has started to increase

short-term interest rates. This monetary tightening is being pursued with the hopes of keeping the U.S. economy growing at a steady and stable pace while keeping inflation in check. This should be favorable for corporate profits and investment returns over the coming year. The price of oil, the outcome of U.S. Presidential election, and the war on terror will continue to cause some volatility in the daily values of world financial markets over the coming year. Hopefully, overall global growth will continue to trend positive and SDCERS will be able to report

solid investment returns once again at the end of fiscal year 2005. SDCERS' Board will continue to do all that is possible and prudent to ensure the safety and growth of SDCERS' plan assets over the long-term.

Be on the lookout in your mail later this year for a Summary of SDCERS' FY 2004 Comprehensive Annual Financial Report which will provide you with further information regarding SDCERS' plan assets and investment performance.

Retiree Association News

City of San Diego Retired Employees' Association

by Nancy Acevedo, President

Fall is upon us again; hard to believe it has arrived so soon. And the good news this Fall for retirees is that they will receive their Annual Supplemental Benefit (commonly referred to as the 13th check) and three years worth of Corbett payments. As I am writing this article, the stock market is still bouncing up and down, but, on the critical date of June 30, there were sufficient earnings to assure that contingent benefits would be paid this year.

In June, I spoke to the Business and Procedures Committee of the Retirement Board and requested that all retirees be notified as soon as it was certain the benefits would be paid, so that they could have financial certainty and plan accordingly. The Committee asked, and Retirement Administrator Larry Grissom agreed, that letters would be sent to all retirees. As of the writing of this article, I'm told they will be in the mail shortly – hopefully you will have received yours some weeks ago by the time this article is published.

Recently it has come to our attention that some of our members who

receive Social Security benefits on their deceased spouse's accounts have their Social Security benefits decreased when they receive their annual two percent cost of living increase on their City pension. They have to individually report their increase to Social Security, resulting in a delay in the recalculation of their benefit and having overpayments deducted months later. One of the impacted employees stated that she has to check her credit union statement each month to find the amount of the payment that was deposited. The Retiree Association would like to hear from others who are experiencing this same problem so that we can work with the Retirement Office and Social Security Office on expediting this procedure.

A reminder to retirees: Recently when we sent out our monthly newsletter several were returned due to outdated address information. When you move and notify the Retirement Office of your new



address, please also notify our Association – you may use the form below to do so.

And if you haven't checked out our Association web site at www.csdrea.com lately, you've missed several additions. And we also provide links to City of San Diego information. Give it a gander!

Retiree Association Board Members

Nancy Acevedo
President
619-579-5930

Adam Saling
Vice President
858-271-4556

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

www.csdrea.com

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

Name: _____

Department: _____

Address: _____

City/State/Zip: _____

Phone: () _____ e-mail: _____

Retirement Date: _____ General Member Affiliate Member

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 Update – Fall 2004

*By Dave Crow,
Retiree Representative*

Well, here we are in the fall of 2004 and the sun and moon and your pension benefits are all where they should be. You are receiving your benefit checks each month and in November you will receive your supplemental benefit (13th check) and three years of Corbett settlement payments. Despite all of the concerns and all of the dire predictions, the City Employees' Retirement System is functioning well.

The City of San Diego has been under great pressure to find ways to increase their contributions to the Retirement Fund and, with the help of the Pension Reform Commission, progress is being made. In addition, the investment markets have been steadily improving, increasing the Trust Fund and making the payment of supplemental benefits possible.

Despite what you may have heard, your Retirement Trust Fund is fully capable of paying all current retiree's vested benefits. Of course, no one knows for sure what the future will bring. However, I am convinced that SDCERS' Board Trustees are well aware of the issues at hand and will work diligently to safeguard your vested benefits.

Kaiser Expands San Marcos Outpatient Medical Center!

Join Kaiser Permanente on Sunday, October 24, 2004 from 11am to 3pm at the grand opening celebration of their new San Marcos Outpatient Medical Center. Enjoy food, music, games, activities for kids and free health screenings for everyone. Meet the doctors and staff of the expanded center and learn how easy good health can be!

Services at the Center will include:

- Cardiology
- Dermatology
- Gastroenterology
- Head and neck surgery
- Health education
- Intermediate care service
- Lab, pharmacy, and X-ray
- Member services
- Occupational medicine
- Oncology
- Orthopedics
- Ob/gyn
- Physical therapy
- Primary care
- Pulmonary medicine
- Speech Pathology
- Urgent care

WHEN:

Sunday, October 24, 2004
11 a.m. – 3 p.m.

WHERE:

Kaiser Permanente San Marcos
Outpatient Medical Center
400 Craven Road
San Marcos, CA 92069

*Get healthy, stay healthy, and thrive
with Kaiser Permanente!*

Medicare-Approved Drug Discount Cards

In recent years, the price of prescription drugs has been steadily and, in some instances, rapidly increasing. As we grow older and our health begins to play a larger role in our finances, these costs can jump to the top of our priority list.

With the unveiling of the new Medicare-Approved Drug Discount Card, many SDCERS retirees have asked “What is it?” and “Do I need it?” The following information will help you begin to answer those questions.

WHAT ARE THEY?

Drug discount cards are NOT insurance plans. Private companies approved by Medicare, offer discount cards to Medicare recipients to help mitigate the cost of prescription drugs. Since the cards are offered by various companies, the cost, discounts, and covered drugs will be different for every card.

Cost: \$0 - \$30 a year

Discounts: These can vary but typically are 10% - 25% depending on the medication.

Covered Medications: Each company has a list of medications that the discounts will apply to. Before purchasing a discount drug card, make sure the medications you take are on the card's discount drug list.

CAN I GET A DRUG DISCOUNT CARD?

You must meet the following criteria:

- You have Medicare Part A and/or Part B, and
- You don't have outpatient prescription drug benefits through Medicaid

IF I HAVE HEALTH INSURANCE COVERAGE THROUGH THE CITY OF SAN DIEGO, DO I NEED A DRUG DISCOUNT CARD?

No. The City sponsored health plans all include comprehensive prescription drug coverage. Check your plan's list of covered medications to make sure yours are listed.

IF I HAVE PRIVATELY SECURED HEALTH INSURANCE COVERAGE OR COVERAGE THROUGH MY SPOUSE, DO I NEED A DRUG DISCOUNT CARD?

Maybe. All health insurance plans are different. Check your specific plan to determine if you have prescription drug coverage. If you do, check the plan's formulary of covered medications to be sure the medications you take (or their generic counterparts) are listed. If you have no coverage or your medication isn't covered, you may want to consider a drug discount card.

IF I ONLY HAVE MEDICARE HEALTH INSURANCE, DO I NEED A DRUG DISCOUNT CARD?

Maybe. Medicare Part A and Part B do not cover the cost of prescription medication. If you are currently paying out of your own pocket for your prescription medications, you may want to consider a drug discount card.

WHERE CAN I GET MORE INFORMATION?

In-depth information about the Medicare-Approved Drug Discount Card is available on the Medicare website at www.medicare.gov under the Prescription Drug and other Assistance Programs link. To speak to a Medicare representative, call them toll free at 1 (800) 633-4227.

RETIRED FIRE & POLICE OFFICERS' ASSOCIATION

President's Message

Hopefully, by the time you read this, most of the bugs will have been worked out of the Health Insurance plans, everyone will have been signed up on time and we can relax for another year.

As for the Pension Reform Committee, appointed by Mayor Dick Murphy, it looks like there will be changes made to SDCERS. Stan Elmore, as a member of the Committee, has been working hard on our behalf, to make sure we will be represented.

Our summer general membership meeting was held on July 19th at the Police Pistol Range. There were over 90 members in attendance. Not

bad for a summer meeting. Members started showing up at about 10:00 a.m., social hour until 11:00 a.m. Our business meeting and raffle were followed by lunch, prepared by Chuck Ellison, Don Knoll and Richard Allen.

Our next General Membership Meeting will be at Tom Ham's Lighthouse, October 16th from 11:00 a.m. until 2:00 p.m. Mark your calendar. This is the meeting when spouses and guests are welcome.

We encourage you all to check out our web-site at www.sdrfp.com. Jim Caster continues to put in many hours keeping it as current as possible. For those of you who are not yet members, you can easily join this great organization by visiting the web-page, clicking on Membership and then following the directions. We also have a telephone message center for your convenience, (619) 237-7474.

Dave Crow has indicated that he does not intend to run for re-election of the Retiree Representative for the SDCERS Retirement Board. Dave has dedicated well over a decade of service to us as a RF&PA Board Member and Past President, and as our representative on the SDCERS Board. As much as he will be missed, I'm sure we all agree he certainly deserves a rest. Keith Enerson has agreed to run for Dave's seat on the Board and we, as an association, will be backing him.

That's all for now, so until we see you at Tom Ham's, enjoy retirement.

Jim Kline, President



ELECTION NEWS

If you are registered to vote in the City of San Diego this November, you will have the opportunity to vote on two important items concerning the San Diego City Employees' Retirement System (SDCERS).

The November 2, 2004 General Election ballot will include the following two propositions:

- **Proposition G – Charter Amendment:** Changes to the Retirement System regarding City contributions to the System.
- **Proposition H – Charter Amendment:** Changes the composition of the Retirement Board.

Each of these propositions requires a majority vote to pass. For additional details please consult the official election materials mailed to you or call the Registrar of Voters at 858-694-3405.

IMPORTANT ELECTION DATES

October 18, 2004

Last day to register and be eligible to vote in the November General Election.

November 2, 2004

Election Day

Polls are open

7:00 am to 8:00 pm

In Memoriam

Arturo Allas
Water Department

Jess Arellano, Sr.
General Services Department

Samuel Baker
General Services Department

Edwin J. Bergquist
General Services Department

Thomas D. Bowes
Police Department

Rose J. Bristol
Auditor & Comptroller
Department

Alvaro J. Caetano
Police Department

Russell E. Davis
Transportation Department

Benjamin G. Franklin
Real Estate Assets

Jacqueline J. Garcia
Planning Department

John M. Huntley
Transportation Department

Lois Kohler
Park & Recreation
Department

Jack A. Manning
Fire Department

Glen H. Overturf
Fire Department

Tommie Robinson
General Services Department

Santiago K. Sandoval
Water Department

Oran L. Shadoan
Fire Department

Peter O. Solomonsen
Police Department

Adeline R. Vigelis
Library Department

Alfred E. Wise
General Services Department

Tony C. Zepeda
General Services Department



IMPORTANT PHONE NUMBERS

SDCERS – Retirement
General Information
619-525-3600

To Schedule an
Appointment
619-525-3601

Toll Free
800-774-4977

City of San Diego
Risk Management
619-236-7300

American Express
401(K), SPSP
800-626-6504

AIG/VALIC
Deferred Compensation
888-568-2542

Port of San Diego
Human Resources
619-686-6315

Benefits
619-686-6430

Smith Barney
Deferred Compensation/
Financial Advisors
800-821-4593 x444

Airport Authority
Human Resources
619-400-2515

Hartford
Deferred Compensation
619-641-0039

CareCounsel
888-227-3334

Recent Retirements

Wallace N. Ajimine
Unified Port District

Gwen I. Albright
Unified Port District

Nicholas Alesi
Park & Recreation Department

Ernest W. Anderson, III
General Services Department

Joseph S. Ascitutto
Fire Department

Robert M. Baird, Jr.
Police Department

Linda K. Baldwin
General Services

Daniel L. Binkerd
Police Department

Barbara J. Bouchard
Fire Department

William J. Brazelton
Development Services

Frank J. Brito
Police Department

William L. Brown
Police Department

Barbara E. Burton
Police Department

Richard J. Carlson
Police Department

Richard E. Chuck
General Services Department

Christina Z. Cruz
Library Department

Starlene A. Dahl
Neighborhood Code Compliance

Tilton C. R. Dant, Jr.
Police Department

Jean J. Davis
Library Department

Gary DeBusschere
Community & Economic
Development

Edward Del Ponte
Fire Department

Gary M. Dorsett
Police Department

Ronald L. Dreher
Unified Port District
Harbor Police

Alan B. Driskill
Police Department

Gregory M. Elliott
Water Department

Sue E. Fasching
Police Department

Danny R. Flynn
Fire Department

Robert A. Gerhardt
Real Estate Assets

Gary L. Gollehon
Police Department

Michael T. Gulyas
Police Department

Richard A. Hamlin
General Services

Richard A. Hansen
Police Department

Bennie R. Hart
Community & Economic
Development

Robert K. Hartnett
Fire Department

Kathe G. Harris
Financial & Management
Services

Delfilia E. Hernandez
Water Department

Willie J. Hill
General Services Department

George A. Hoffman
Police Department

Steven E. Hogan
Water Utilities Department

Dennis A. Howerton
Water Department

Roy P. Huntington
Police Department

Rua V. Johnson
Library Department

Gregory R. Kehn
Water Department

Donald R. Keller
Water Department

Carolyn M. Kenny
Police Department.

Kenneth R. Key, Sr.
Fire Department

Clyde King
Park & Recreation Department

David A. Lang
Water Department



Recent Retirements

Gordon C. Lau
Police Department

Gerald E. R. Lee, Sr.
Fire Department

William E. Leffler
Police Department

Richard L. Lindblad
Transportation Department

Carol A. Lipira
Police Department

Robert S. Lopez
Police Department

Charles D. Macintosh
Unified Port District
Harbor Police

Stephen G. Margetts
Police Department

Kathleen M. Marquette
Fire Department

Leonard D. Martin
Police Department

Dennis L. Mason
Police Department

Filiberto Moctezuma
Park & Recreation Department

Frederick C. Moeller
Police Department

George F. Montague
Planning Department

Lawrence A. Moratto
Police Department

Ruben E. Moreno
Park & Recreation Department

Michael G. Moses
Fire Department

Janet N. Nelson
Fire Department

Edward S. Oliva
Development Services

Russell W. Palmer
Fire Department

Terry E. Rand
Park and Recreation
Department

Larry Rasmussen
Water Department

Charles H. Reed
Transportation Department

Gary R. Reming
Planning Department

Leonard T. Rogers
Community Service Centers

Ed Ryan
Auditor & Comptroller

Richard H. Salle
Fire Department

Gabriel Sanchez-Aldana
Real Estate Assets

William W. Sannwald
Engineering & Capital Projects

Jaime Sapla, Sr.
Transportation Department

Arthur H. Shannon
Police Department

John T. Schell
Park & Recreation Department

David A. Smith
Fire Department

Robert M. Sherer
Police Department

Thomas G. Simonds
Police Department

Ray D. Snider
Park & Recreation Department

Henry A. Takeguchi
Police Department

James L. Terry
Fire Department

Marvin E. Terry
Police Department

Humberto Torres
Water Department

William R. Trevino
Fire Department

Michael T. Uberuaga
City Manager

Barry K. Wagner
Fire Department

Dannie L. Walters
Environmental Services
Department

Robert V. Wear
Fire Department

Thomas B. Wells
Transportation Department

John A. Welter
Police Department

Jerome Van Wey
Police Department

Richard E. Wilken
Information Technology &
Communications

Judith Wolinsky
Metropolitan Wastewater

James E. Wright
General Services Department.

Angela M. Yang
Library Department

Diane M. Yohonis
Police Department



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and valuable information about
retiring and retirement.*

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Rebecca Wilson
Editor

We welcome your articles and suggestions. Please
submit them to Editor, San Diego City Employees'
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WEBSITE – WWW.SDCERS.ORG

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