Members Eligible for Statewide Long-Term Care Program

Revitalized CalPERS-Administered Program Available Statewide for First Time Since 2008

SDCERS receives questions from members regarding long-term care coverage, which is not a standard health offering. Long-term care is available through numerous service providers.

SDCERS members are eligible for the California Public Employees' Retirement System's (CalPERS) revitalized Long-Term Care (LTC) Program now open and available statewide. The LTC is designed to make it easier to receive home medical care through tailored health plans that suit individual needs and budgets, while providing affordable options that help keep pace with the rising costs of long-term care.

The CalPERS Long-Term Care Program began accepting new applications in December 23, 2013 - the first time since 2008. The application period will now be continuous with no closing date for eligible participants.

All California public employees, retirees, their spouses, parents, adult children and adult siblings between the ages of 18 and 79 are eligible to apply for coverage. Eligible public employees include, but are not limited to, those employed by the State of California, state Assembly and Senate, judicial systems, school districts, counties, public universities, community colleges, as well as cities and special districts – like the City of San Diego, the Port of San Diego and the Regional Airport Authority.

SDCERS members do not need to be a member of CalPERS and do not need to be an applicant or policyholder of the CalPERS Long-Term Care Program in order for their relatives to be eligible.

Interested applicants may download an Application Kit and program information by going to CalPERS Long-Term Care website www.calperslongtermcare.com, or by visiting the Latest News page at www.sdcers.org.

This is an informational item only. The LTC is not a product of SDCERS, nor is SDCERS advocating for enrollment.
Plan Sponsor Funding Discipline
SDCERS has released its annual actuarial valuations as of June 30, 2013 for the City, Port and the Airport.

The valuations, prepared by the system’s actuary Cheiron at the request of the Board of Administration, determine the financial position of the defined benefit plans administered by SDCERS and set future contribution rates needed to ensure its long-term funding. The actuary determines how much money the plan needs to pay pension benefits by making assumptions about future investment returns, future inflation rates, future increases in salaries, retirement ages, life expectancy and other factors.

The valuations determined that the City’s FY 2015 Actuarially Determined Contribution (ADC), formerly known as the Annual Required Contribution or ARC, is $263.6 million. The Port’s FY 2015 ADC is $14.3 million, compared to $13.9 million in FY 2014. The Airport’s FY 2015 ADC is $3.8 million, compared to $2.9 million in FY 2014. The FY 2015 ADCs for all three sponsors are due to be paid to SDCERS on or after July 1, 2014.

Key to a financially sound pension system is a strong funding discipline and commitment by the plan sponsors. The City, the Port and Airport have demonstrated a serious commitment to this, not only in word – but in action. The City has paid its full ADC payment on time, every year for the past nine years. The Port and the Airport have each historically paid their required pension contributions every year. As contributions continue to be paid, the unfunded liability over time will be paid off.

Detroit’s Bankruptcy and Its Impact on SDCERS
The recent bankruptcy ruling in Detroit has generated considerable speculation about its potential impact on pension benefits for California public employees. SDCERS expects no immediate threat to member pension benefits as a result of the Detroit ruling, nor is there any indication of such a threat in the foreseeable future.

The presiding judge in the case found that Detroit could proceed under bankruptcy because it had shown that it was legally insolvent. In other words, it was unable to pay its bills. It is unlikely that SDCERS members and retirees will be faced with a threat to their pension benefits. City of San Diego officials have publicly commented that the City is not insolvent and not facing bankruptcy.

Regardless of the Detroit ruling’s immediate impact, SDCERS has sufficient funds to pay its current and future retirees for decades to come, even if no additional plan sponsor contributions were received. SDCERS will continue to fulfill its fiduciary duty to take all action necessary to ensure the payment of vested benefits to its members.

One of the benefits of the SDCERS group trust is that assets of each of the sponsor plans are pooled for investment purposes only. From an accounting and legal perspective, the assets are accounted for separately, meaning the assets of any plan sponsor would not be impacted in the unlikely event one of the other plan sponsors filed for bankruptcy.

For more information, refer to the Latest News page at www.sdcers.org.

### FUNDED RATIO AND UNFUNDED ACTUARIAL LIABILITY (UAL)
As of June 30

<table>
<thead>
<tr>
<th>Plan Sponsor</th>
<th>Funded Ratio</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of San Diego</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funded Ratio</td>
<td>66.5%</td>
<td>67.1%</td>
<td>68.5%</td>
<td>68.6%</td>
<td>70.4%</td>
<td></td>
</tr>
<tr>
<td>UAL (billions)</td>
<td>$2.1</td>
<td>$2.2</td>
<td>$2.2</td>
<td>$2.3</td>
<td>$2.2</td>
<td></td>
</tr>
<tr>
<td>Unified Port District</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funded Ratio</td>
<td>77.5%</td>
<td>75.3%</td>
<td>73.1%</td>
<td>72.7%</td>
<td>73.7%</td>
<td></td>
</tr>
<tr>
<td>UAL (millions)</td>
<td>$64.8</td>
<td>$76.7</td>
<td>$95.5</td>
<td>$104.2</td>
<td>$107.7</td>
<td></td>
</tr>
<tr>
<td>Airport Authority</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funded Ratio</td>
<td>86.9%</td>
<td>96.0%</td>
<td>102.7%</td>
<td>98.5%</td>
<td>93.4%</td>
<td></td>
</tr>
<tr>
<td>UAL (millions)</td>
<td>$8.9</td>
<td>$3.0</td>
<td>$(2.3)</td>
<td>$1.4</td>
<td>$7.6</td>
<td></td>
</tr>
</tbody>
</table>
Retiree Health Open Enrollment is Approaching!

If you aren’t making any changes, you don’t have to take any action

City of San Diego retirees eligible for City-sponsored health insurance will receive their Open Enrollment materials the first week of June 2014 prior to the beginning of Open Enrollment.

SDCERS’ 2014 plan year Open Enrollment booklet will be mailed in June. Though some rates to City-sponsored plans could change, no major plan changes are anticipated and it is expected that all plans offered last year will be offered this year. This includes the plans for non-Medicare eligible members as well as Medicare-eligible members.

Key points to remember:

• Retirees already enrolled in a City-sponsored health plan, who are not making any changes, do not need to re-enroll. Your health plan will continue with any coverage or premium changes being made automatically for you, effective August 1, 2014.

• Retirees who wish to make changes to their current plan, such as adding a dependent or changing from one plan to another (example: from HealthNet to Kaiser or vice versa) will be required to submit new forms to SDCERS. You may obtain these forms during open enrollment (not before) by calling SDCERS and requesting the packet of the specific provider and plan in which you wish to enroll.

• If you ARE making changes: Simply mail the forms back to SDCERS and you will be enrolled in your new plan, effective August 1, 2014. A visit to SDCERS is not necessary, as our Call Center can answer your questions. Also, SDCERS will be holding an Open Enrollment Help Day in June; more details will be included in your booklet.

Priority Task: Confirm Your Continuance and Beneficiary Status

SDCERS encourages retirees to review their continuance and beneficiary designations with their family members and loved ones – not someday, but now. Continuance designations cannot be changed after retirement, even in the case of divorce. It is important for spouses to understand the benefits they will receive upon the passing of the SDCERS member, in order to plan.

Retirees can update the beneficiary of the $2,000 death benefit and the remaining days of pay from the final month’s pension at any time. You can review your continuance and beneficiary designations through the Member Portal on the SDCERS website, www.sdcers.org, or you can contact the SDCERS Call Center at 619-525-3600 with questions and to request copies of documentation. All members should review their designations, but this is imperative for retirees. Plan in advance to avoid confusion for your loved ones after your passing.
City of San Diego Retired Employees’ Association
www.csdrea.com • 858.272.0494 • president@csdrea.com

Monthly General Meetings are held at the War Memorial Building in Balboa Park. Check the REA website for more information.

Tuesday, March 11: General Member Meeting, 11:00 AM-2:00 P.M.
Featured Speaker: Former Interim Mayor, Council President Todd Gloria

Tuesday, April 8: General Member Meeting, 11:00 AM-2:00 P.M.
Featured Speaker: Attorney Michael Conger

Retired Fire and Police Association of San Diego
www.retiredfp.com • 760.753.7462 • sdfdrouse@yahoo.com

Monthly Board Meetings are held at the Firefighters Credit Union, 4926 La Cuenta Drive, San Diego (unless otherwise noted) on the first Thursday of each month at 9:00 A.M.

Thursday, March 6: Board Meeting, 9:00 A.M.
Sunday, March 23: 17th Annual Memorial Ceremony, 1:30 P.M., El Camino Memorial Park
Thursday, April 3: Board Meeting, 9:00 A.M.
Monday, April 14: Quarterly Meeting, 11:00 A.M., Police Pistol Range, Home Avenue
Thursday, May 1: Board Meeting, 9:00 A.M.
Contribution Rate Adjustments for City of San Diego Active Members: 
*Find Your Rate, Estimate Your Pay Adjustment*

Beginning July 2014, SDCERS active members from the City of San Diego will experience a decrease in their biweekly contribution rates due to adjustments made to the System’s discount rate, inflationary pay assumptions and multi-year pay freeze agreements made between the City and its labor unions.

On average, as a percentage of pay, rates will be reduced by 0.65 percent for General members and reduced by 0.84 percent for Safety members.

This reduction will ultimately increase biweekly take home pay for employees. SDCERS encourages active City employees to know their contribution rate change and get an estimate of the increase to their biweekly pay check. It’s simple and takes just minutes -- visit the Latest News page at [www.sdcers.org](http://www.sdcers.org) for detailed information.

**1099R’s Issued to Eligible Members**

On January 31, 2014, 1099R’s were mailed to eligible SDCERS members. SDCERS has posted an FAQ and definitions page on the Latest News page at [www.sdcers.org](http://www.sdcers.org) to assist members in the completion of the tax returns.

**Pension Check Quick Check**

Do you pay attention to your monthly pension payment? You should. Take a minute to review your pension payment details on the Member Portal to confirm your tax withholdings for this year and any monthly deductions. If you have questions, contact the SDCERS Call Center at 619-525-3600.

**Be Retirement Ready Before and After You Retire**

As an active member, you should know your biweekly contribution rate, your years of service credit with SDCERS and keep your contact information current. Retirees should know their continuance and beneficiary designations, monitor the monthly direct deposit of their pension payment and keep their contact information current.

Keeping your beneficiaries up to date will ensure your benefits are distributed according to your wishes at death. Update your beneficiaries today by using the Member Portal on the SDCERS website, [www.sdcers.org](http://www.sdcers.org).

**New Website is Underway!**

SDCERS has been working hard behind the scenes to procure a website development consultant to overhaul [www.sdcers.org](http://www.sdcers.org). We are happy to announce Planeteria Media has been awarded the bid and began working in February 2014.

Planeteria Media is a San Francisco-based website design and development firm with an impressive nationwide client base, including Yale University, the San Francisco Zoo and the Microsoft Corporation.

SDCERS looks forward to debuting the new website in the summer of 2014!
SDCERS had another solid quarter of performance for the quarter ended December 31, 2014. The total fund return was +5% versus the benchmark at 5.1%. To date, the portfolio is up 11.0% for the current fiscal year.

U.S. equity markets were successful during the fourth quarter with the S&P 500 up over 10%. Equity markets grew based on news of stronger than expected economic data, an end to the U.S. government shutdown and a two year budget deal. International equities were also positive during the quarter with developed nations up over 5% and emerging market equities up almost 2%.

The Federal Reserve announced in December that it was going to begin tapering off its bond purchases by about $10 billion per month. Despite the Federal Reserve’s forward guidance that they would keep their funds’ rate low, bond yields rose, keeping nearly all bond sectors flat for the quarter and down for the year. Emerging market debt returns were also flat during the quarter.

At the January meeting of the Board of Administration, trustees approved a 2% allocation for a credit opportunity strategy within the Opportunity Fund. The opportunity to invest in credit (loans) was created by regulatory changes that were enacted in 2008. These new bank regulations have resulted in a meaningful imbalance between the demand for and supply of credit. This imbalance has created opportunities for institutional investors, like SDCERS, to access this sector of the market that was previously the domain of the banking system. This credit opportunity offers attractive potential returns and compelling portfolio diversification characteristics. It is anticipated that a manager with deep experience in credit and wide-ranging access to credit opportunities will be brought to the Board in March.

Also in January, the Board approved the hiring of two emerging market managers. This action was a result of the last Asset Allocation Review which increased the allocation to Emerging Market Debt to 5% from 3% and dedicated 1% allocation to Emerging Market Equities.

SDCERS’ Investment staff and Hewitt EnnisKnupp (HEK) conducted comprehensive searches to identify two managers that would complement the existing managers in the portfolio. Preliminary analysis included the strategy’s risk profile, comparative statistics and performance measures. Presentations were held in-house and at HEK’s office which gave the managers the opportunity to elaborate on their firm, investment philosophy and strategy and their potential to add value to SDCERS’ portfolio.

Investec Asset Management was selected for the Emerging Market Debt mandate and Neuberger Berman was chosen for the Emerging Market Equity mandate.

2013 CAFR NOW AVAILABLE

Retiree News
by Richard Wilken, Elected Retired Member

SDCERS’ Responsiveness to Our Members

As fiduciaries, SDCERS Trustees have a duty to act in the best interests of our members, retirees and beneficiaries. SDCERS’ Vision Statement states that we operate a retirement system that is responsive to our participants.

SDCERS’ staff recognizes the importance of being responsive and has been implementing new technology that will help.

A new phone system was implemented recently allowing supervisors to track call wait times and to follow-up on dropped calls (those who hang up before talking to a SDCERS representative). In fact, staff now makes a return phone call on any call that’s dropped. Call wait times have been shortened and the average wait time is one minute. The Call Center supervisor can also monitor and listen in on calls to help ensure quality customer service is being provided. In addition, a new pension administration software system will be implemented in the summer to improve overall efficiency, reliability and accountability of operations.

This new technology is great and helps improve SDCERS’ service to our members. However, that doesn’t mean that our staff members are perfect. We need your help to make sure your needs are being met. Keep notes about when you called and who you spoke with. If SDCERS staff investigate an issue, give them an opportunity to answer your request. If staff does not follow through, call them back and remind them of the open issue. If your question has still not been answered to your satisfaction, don’t hesitate to contact a supervisor.

Update on the Pension Reform Act of 2014

In January, Attorney General Kamala Harris approved the measure for signature gathering and issued an official summary which would be printed on the ballot if it qualifies. The official summary states that the act “eliminates constitutional protections for vested pension and retiree healthcare employee benefits for current public employees, including teachers, nurses, and peace officers, for future work performed.”

The Sacramento Bee recently reported that Mayor Reed plans to file a lawsuit over this wording and "accused Harris of stoking voter prejudice against the proposal by citing its impact on “teachers, nurses, and peace officers.”

The suit, if followed through, could delay the signature gathering.

The retiree associations will stay on top of this issue and will inform us if the initiative qualifies for the 2014 ballot.

Port and Airport Authority Retirees

The City of San Diego Retired Employees’ Association (REA) occasionally receives inquiries from Port and Airport retirees about membership in REA. All SDCERS retirees are welcome.

REA bylaws allow membership for anyone receiving a retirement allowance from SDCERS, which includes Port and Airport retirees as well as any surviving spouse or beneficiary of any of the three agencies.

Information on joining REA can be found at www.csdrea.org.
RECENT retirements

Craig Speck
Kevin Means
Kimber Bonilla
Jack Bateman
Angela Zdunich
Laura Smith
Jeffrey Isbell
Delores Contreras
Robert Clark
Terri Bumgardner
Scott Greenwood
Kevin Friedman
Bradley Elow
Andrew Jones
John Tangredi
Barry Snell
Felipe Ramirez
Tracey Walker
Michael Sowadski
Michael Dudas
Gonzalo Gonzalez
David Wood
Maria Le Sire
Linda Hammerschmith
Enrico Layug
John Stricklin
Richard Parrella
Gary Faxon

Holly Erwin
Dolores Zapata
Robert Shands
Rodante Rojales
Augustus Brown
Felipe Arroyo
Bryan Enarson
Jacques Brandais
Luis Sanchez
Melody Negrete
Mary Widner Brown
Benson Perez
Walter Cooke
Cynthia Robbins
Frances Cavanaugh
Jeffrey Ziegler
Hayvert Williams
Timothy Faubel
Margaret Gallagher
Roberto Cuevas
Georgia Lozan
Ernest Meshack
Federico Lopez
Roger Worthington

Jeffrey Stowell
Sheila Busch
David Kanitz
Kelly Salt
Alberto Dechico
Robert Smith
Peggy Kirkland
Hoa Nguyen
Victor Cardell
Ruth Peoples
Michael Agrella
Daniel Frazee
Michael Murphy
Rosemary Diciedue
Rochelle Glickman
Robert Morrison
Maurice Luque
Diane Bartko
Register for SDCERS’ Member Portal

Are you an active (employed) or deferred SDCERS member who would like to see your member contribution account balance, or track your total amount of service credit? Or a retired member, wanting to change your tax withholding directly online, without having to mail a paper form?

These options are available through the SDCERS Member Portal. If you haven’t registered, now is the time to act!

Registration is simple: Go to www.sdcers.org and, from the home page, click on the “Member Portal Registration” button to get started. From there, you will be walked through a secure registration process that includes choosing a user name and password.

www.sdcers.org
Audit Committee
David Kramer, Chair
Marilyn Brown
Ed Kitrosser
Jeannie Posner
James (Jim) Smith

Business and Governance Committee
Valentine Hoy, Chair
Alan Arrollado
Ed Kitrosser
Thomas Sullivan
Denise Thompson
Richard Wilken

Disability Committee
Alan Arrollado, Chair
Natasha Collura
Ed Kitrosser
Jeannie Posner
Thanasi Prevolos
Richard Wilken

Investment Committee
Richard Tartre, Chair
William Haynor
Ed Kitrosser
Jimmy Steel
Denise Thompson
Jeffrey Wallace

SDCERS Scoop is published four times a year by the San Diego City Employees’ Retirement System. We welcome your feedback! Submit your comments to SDCERS at 401 West A Street, Suite 400, San Diego CA 92101, or via e-mail by visiting the Contact Us page at www.sdcers.org.