New SDCERS Board Composition

Seven of SDCERS’ 13 Board Members are appointed by the Mayor and confirmed by the City Council. These appointees are limited to serving a maximum of eight consecutive years on the Board. In August, the City Council unanimously approved the Mayor’s appointees, Clifford Schireson and Paul Kaufmann. Please join us in welcoming our newest SDCERS Board Members.

The City Council also unanimously approved the Mayor’s reappointment of Carina Coleman. We are pleased to report she was subsequently confirmed by her fellow Board Members as the Board’s new Vice President. Carina was also appointed as the new Chair of the Investment Committee, and Board President Carol Broad announced the following Committee Chairs would continue in their leadership roles: Roberta Spoon, Audit Committee Chair; Charles Hogquist, Disability Committee Chair; and Thanasi Preovolos, Business and Governance Committee Chair.

2020 DROP Interest Rates

At its November meeting, the Board of Administration approved new DROP interest rates for 2020. As of January 1, 2020, the annual DROP account interest rate decreased to 2.5%, compared to the 2019 rate of 2.7%. This interest rate is applied to your DROP account and compounded quarterly while you are actively participating in DROP. This rate is subject to change annually, which means your DROP account may receive a different interest rate every year during your participation period.

Also beginning January 1, 2020, the annual DROP annuity interest rate increased to 3.1%, compared to the 2019 rate of 3.0%. If you choose to annuitize your DROP account when you exit DROP, this interest rate is factored into the calculation of your monthly annuity. Unlike the DROP account interest rate, the DROP annuity rate will not change over time after you’ve exited DROP – the rate that is in effect when you exit DROP is the rate that will be applied to your annuity, regardless of whether or not the DROP annuity rate changes in future years.

Annual Supplemental Benefit and Corbett Settlement Increase Approved for 2019

At its November meeting, SDCERS’ Board approved payment of the Annual Supplemental Benefit, often referred to as the “13th Check,” and the Corbett Settlement Increase (“Corbett benefit”) for eligible retirees and continuance beneficiaries. The Annual Supplemental Benefit is paid in years when the fund’s realized investment earnings are sufficient to qualify, according to a set formula defined in the applicable plan document, and the Corbett benefit is paid in years that the Annual Supplemental Benefit is paid. If you were eligible for one or both of these benefits, payment was included in your November 2019 monthly pension benefit.
Countdown to Retirement

Have you started to think about retirement planning, but you’re not sure where to begin? The first step is learning about your pension plan, which starts with SDCERS’ website. You can find an abundance of information online at www.sdcers.org under the “Resources” tab, which contains fact sheets, FAQs, plan summaries, and more.

After you’ve researched on your own, attend one of SDCERS’ monthly seminars. SDCERS currently hosts 2-4 seminars every month. We recommend attending a Pre-Retirement Seminar if you were hired on or after July 1, 2005, a DROP Entry Seminar if you were hired before July 1, 2005, and a DROP Exit Seminar only if you are currently participating in DROP. These seminars tend to fill up very quickly after they are announced, so plan ahead. You are welcome to attend a seminar no matter how far away you are from retirement.

Once you are within six months of retirement eligibility, you will be able to submit your initial service retirement or DROP entry application online through your Member Portal account at www.sdcers.org and clicking “Online Applications.” Don’t worry – this application is not final and you will be able to make changes later. Submitting an online application simply streamlines the paperwork process and prompts SDCERS’ staff to contact you to schedule a one-on-one counseling appointment, where you will sit down with a counselor, talk about your options, and discuss your retirement account in detail. The counselor will answer your questions and help you finalize your application. At the end of the meeting, you can either submit your final application or take some time to think about it – it’s entirely up to you.

When you sign and submit your final application, you will officially have a scheduled retirement or DROP entry date. If you submit a signed DROP entry application, you have seven days from the date you sign your application to withdraw it before it becomes irrevocable. If you submit a service retirement application, you have until the last business day prior to your retirement date to change your mind. As always, if you have any questions about this process, please call the Call Center at (619) 525-3600.

Who in the World is Sam Diego?

You know you’re an SDCERS Member, but do you really know how your pension system works? In September, SDCERS added a new educational video to its website, titled “SDCERS 101,” which provides a general overview of what SDCERS does and how your pension works. This video also introduces our new friend, Sam Diego. A second video was added in December, called “How DROP Works.” We have been showing these videos at our Pre-Retirement and DROP Entry Seminars, and they are available on our website at www.sdcers.org under the “Resources” tab. We will continue adding new videos covering different pension-related topics, so check our website for updates!

SDCERS’ Final Investment Returns for Fiscal Year 2019

SDCERS reported a final return of 7% (net of fees) for Fiscal Year 2019. As of June 30, 2019, the trust fund’s assets totaled $8.4 billion, reflecting a net increase of $370 million over the past year.

There are a few ways to measure an investment portfolio’s performance – after all, 7% is great if the market averaged only a 3% return for example, but 7% isn’t so good if the market averaged 15%. One way we measure our performance is by comparing our actual rate of return to the actuarial rate of return. We are happy to report that our 7% return beat our actuarial rate of return of 6.5%.

Another way to measure performance is by comparing our returns to an investment market benchmark, which is basically how the market did if its asset allocations were invested proportionate to SDCERS’ portfolio. Unfortunately, we did not beat our market benchmark of 7.6%; this is primarily due to investing in new primary private equity funds, which have yet to reach their earning potential.

Finally, when SDCERS’ rate of return for Fiscal Year 2019 is compared to a peer group of other pension plans, SDCERS experienced higher returns than 81% of the 395 other plans in our peer group! We are pleased to share with you the accomplishments of our talented Investments Team.

1099’s

The 1099-R forms for 2019 were mailed to all retirees from our Chicago-based vendor on January 13, 2020. This means all SDCERS retirees and beneficiaries who received a payment from SDCERS in 2019 should be receiving their 2019 1099-R forms via U.S. mail during the last two weeks of January.

NOTE: If you are anxious to receive your 1099, you can download and print an electronic copy via your Member Portal account at www.sdcers.org. You can find this year’s 1099, as well as 1099’s from previous years, by clicking “Tax Reporting” in the menu on the left side of the screen.

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Introducing Sam Diego

When choosing a character to represent SDCERS, we decided on Sam the squirrel because squirrels gather and store their nuts so they have food in the winter, much like SDCERS Members contribute to their pensions so they have income in retirement – get it?

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