



Quarterly
Newsletter

For the Retired Public Employees of San Joaquin County

Member of CRCEA (California Retired County Employees Association)

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PRESIDENT'S MESSAGE – by Marcel Leduc



Where does the time go? It's already time for another newsletter. I guess my 85-year old mother is right. She says, "The older you get, the more you lose track of time."

Well, by the time you receive this message, approximately two thirds of County retirees will have seen a substantial reduction in their monthly retirement checks. Let's hope the market improves and the "Ventura" benefit is restored.

In March, along with four other RPESJC board members, I attended the Spring Conference of the California Retired County Employees' Association. It was amazing listening to other '37 Act Retiree Associations report that they and/or their counties have been successful in protecting their health insurance supplemental payments while we are still trying to work out something.

Boards, we do not. Both of these issues are a priority for us this year.

In early May, I attended the State Association of County Retirement Systems Conference in Sacramento. This is a meeting of all '37 Act County Retirement Systems. Our Retirement Board representative, Judy Courtney, will be attending with the Retirement Board. This is another opportunity to see how our retirement system compares to others. It will be interesting to listen to investment experts express their views on the stock market going forward.

Our annual picnic will be on June 8 at Oak Grove Park. It's a great time, sure hope to see you there. As usual, our Events Committee has spent a great deal of time preparing for the picnic. It should be the best ever!



"It was amazing listening to other '37 Act Retiree Associations report that they and/or their counties have been successful in protecting their health insurance supplemental payments..."

Additionally, the majority of other associations now have an alternate retiree member on their Retirement

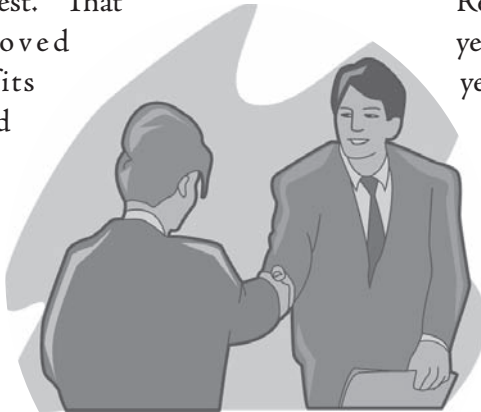
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BENEFITS COMMITTEE REPORT – by Dick Callistro

Most of you saw a reduction in your retirement check in the month ending April 30, 2006. Following is a simplified version of the events that caused this to occur.

The reduction represents the loss of supplemental benefits under the terms of a settlement agreement (approved by a Superior Court judge in 2001). In the case of San Joaquin County Deputy Sheriffs Association, et al. v. Board of Retirement of the San Joaquin County Employees' Retirement System, County of San Joaquin, Real Party in Interest. That Agreement approved supplemental benefits for all then current and future retirees. Similar agreements have been reached for all or most '37 Retirement Act counties. These agreements stem from a 1997 California Supreme Court decision involving Ventura County. In that decision, the court basically found that the County should have included compensation beyond salary considerations in calculating retirement benefits.



In the San Joaquin agreement, retirees were placed in three separate groups: those who retired before 1982, those who retired between 1982 and 2001, and those who were to retire after 2001. The reason for this was that those who retired before April 1, 1982 were already receiving some additional benefits so the amount approved for this group was less than for those who retired between 1982 and 2001. Those who retired on or after January 1, 2001 also received a different amount, which is based on a formula spelled out in Government Code Section 31676.14 and is tailored to the individual retiree.

All three groups were funded by Retirement Fund Reserves, which had accumulated with the robust economy in the late 90's. However, the reserves were insufficient to fully fund all three groups. The agreement provided for

full funding for those who retired before April 1, 1982 and full funding at the time for those who were to retire on or after January 1, 2001. Only half of the funding necessary to fully fund the post '82 pre '01 was available for that group. That group, incidentally, represents most current retirees.

Under the terms of the Settlement Agreement, funding for this group can start up again once sufficient Retirement Fund reserves have been reestablished. The investment market is once again performing well, but since the Retirement investment earnings are calculated on a five-year "smoothing" cycle, the fund is still carrying one or two years of poor performance on its books.

For those of you enrolled in one of the health plans currently offered to retirees, you've already seen the rate changes for the 2006-2007 year. Some of you in the Kaiser, Health Net and Blue Cross plans are undoubtedly pleased to see the rates for Medicare eligible retirees actually going down. While we would like to think that this might be the start of a trend, unfortunately it is not. This one time reduction in rates is due to the fact that health insurers have gained financially under the new Medicare Part D Prescription Drug Plan since it was implemented. Because our new rates did not take effect until May, these first four months of gains are reflected in the new reduced rates. Next year you can anticipate a significant increase when both this adjustment is removed and the normal rates are increased.

Rates for Medicare eligible retirees in the County's CMCP plan did not go down; at least not yet. It seems that with the introduction of Medicare Part D, CMCP needed to find a new pharmacy provider who could meet the new federal requirements. Although they have had over two years to accomplish this task, CMCP, as of this writing, has not.

Your Benefits Committee recently met with staff of both the County and the Retirement Administration on a proposal to increase the number of options that Medicare eligible retirees have for health insurance providers. With prescription coverage largely provided by Medicare Part

BENEFITS COMMITTEE REPORT (Continued)

D, Medicare Supplemental Health Insurance for other health needs suddenly looks quite attractive. There are several national firms that provide excellent insurance at very reasonable rates. In meetings with County and Retirement officials, we are discussing the inclusion of such insurance plans as County sponsored health plans. This would allow for the use of the sick leave bank to pay the cost for premiums and may allow those on such a plan to migrate back to one of the other County sponsored health plans. Our discussions are very preliminary and are fraught with obstacles. Our goal is to have these changes in place for the 2007-2008 year. We will report back to you on any progress made. ❖

PRESCRIPTION TIP

It has come to our attention that the co-pay for some prescriptions may actually be more than just paying the retail price for the same prescriptions. This writer knows of one instance when the co-pay was \$40 for a prescription but the retail price was only \$38. In another instance a woman had a co-pay of \$25 for a prescription that cost only \$8 when she paid cash! If you purchase your prescriptions from a private pharmacy you might want to ask the pharmacist for the retail price of prescriptions before you use your insurance coverage. Also, shop around, as the retail prices for prescriptions may differ from pharmacy to pharmacy. Some of the large discount stores may have the best prices. ❖

The RPESJC Annual Picnic will be held on Thursday, June 8th, 2006, 11 a.m. at Oak Grove Park. We anticipate many retirees will participate and enjoy a scrumptious lunch consisting of BBQ tri-tip of beef and roasted chicken, green salad, dessert and drinks.



Come early and enjoy visiting with your retired colleagues and meet new ones! As in the past, numerous prizes will be given away.

RETIREMENT BOARD UPDATE – by Judy Courtney

Your Retirement Board members are always kept busy. In addition to two or more meetings each month, ongoing education is also required for your Board members. This is so they, as fiduciaries, can make the best possible decisions for current and future retirees and the retirement fund. Each Board member is required to have a minimum of 24 hours of education each year. One excellent way to obtain the required education is by attending conferences of the State Association of County Retirement Systems (SACRS) as well as the annual CALAPERS General Assembly. Always held in California, both are attended by trustees and staff of public retirement systems and provide outstanding education and networking opportunities.

Board members must also periodically review the Investment Policy and make changes as appropriate. In a recent change, Alternative Investments were added as an asset class (joining Fixed Income, Equities, and Real Estate).

The Board also regularly reviews the performance of its investment managers. During the first part of 2006 the following changes occurred:

- A contract has been approved with The Clifton Group, a cash overlay management firm, to keep all the fund's investments within their asset allocation.
- For international stocks, the board recently terminated INVESCO due to several quarters of underperformance. INVESCO, with an active management style was replaced with two international enhanced index managers, Research Affiliates and Fidelity.
- The Board also terminated its small cap value manager, DePrince, Race and Zollo, for underperformance and added an enhanced small cap index manager, Research Affiliates as well as a small cap equity manager of emerging managers, Capital Prospects.
- Additionally, the Board has added two more managers to improve returns and at the same time reduce the overall volatility of their investments. They have contracted with Research Affiliates for a long/short strategy and with Front Point for multi-strategy investments. ❖

NEW RETIREES

Name	Department	Years
Dorene Anderson	Human Services	14
Steven Anthes	Mary Graham Child. Shelter	12
Mae Armstrong	HCS – Public Health	14
Lawrence Barrett	District Attorney	31
Rene Baumgartner	EEDD	17
William Bishofberger	Deferred	8
Maxine Blank	Human Services	16
Douglas Booth	EEDD	23
James Buchanan	HCS – Substance Abuse	15
Connie Cassinetto	County Administrator	12
Lloyd Clark	HCS	16
Homer Clemons	Facilities Management	36
Ruth Davis	Human Services	28
Joseph Desilva	Deferred Member	11
Carol Dietrich	Human Services	31
Scott Dietrich	Public Works	31
Naomi Easter	HCS – Substance Abuse	2
Emi Fujii	Probation	22
Barbara Fultcher	HCS – SJGH	33
Adam Gareis	Facilities Management	35
Elia Gonzalez	HCS – Public Health	10
Victoria Gouvaia-Howell	Deferred Member	10
Terry Green	Deferred Member	12
Gary Gresham	Facilities Management	16
Timothy Gust	Human Services	31
Abraham Gutierrez	HCS – SJGH	18
Juanita Hardin	HCS – SJGH	20
Debra House	Deferred Member	14
Jeanney Huiras	Human Services	25
Janet Irion	Parks and Recreation	20
Martin Jauregui	Public Works	25
Judith Jones	Human Services	11
Rosemary Klipfel	Superior Court	29
Jay Kuennen	HCS – Mental Health	19
Verleen Liner	Human Services	25
John Maggi	Deferred Member	7
Elizabeth Marsden	Human Services	25
Reggie Martin	HCS - SJGH	31
Michael McCauley	Sheriff	20
Elia McCutcheon	Deferred Member	7
Joni McKim	Assessor	10
Mary Murillo	HCS - SJGH	13
Mary Ann Nayer	Superior Court	32
Esta Newhouse	Human Services	18

Name	Department	Years
June Okubo	Human Services	32
Sandra Passalacqua	Sheriff	19
Genevieve Ponte	Human Services	26
Cheryl Richardson	Human Services	39
Dale Robertson	Behavioral Health Services	13
Jane Ryan	Deferred Member	10
Linda Sanchez	Human Services	20
James Shelton	HCS - SJGH	27
Cora Lee Shimamoto	HCS - SJGH	30
Sandra Southern	Superior Court	24
Mary Spradling	Sheriff	21
Jeanette Stanford	Human Services	34
James Stephens	Behavioral Health Services	19
Karen Stoddart	Sheriff	21
Jerry Swanson	District Attorney	6
Larry Sweeney	EEDD	10
Ronald Thompson	HCS - SJGH	33
Theresa Tirado	Superior Court	25
Brenda Wagner	Human Services	14
Yvonne Weldon	Deferred Member	5
Douglas Wilson	Environmental Health	14
Randy Wyrick	EEDD	35
Vivian Yribarren	HCS - SJGH	16

Congratulations

LEGISLATIVE REPORT - by Sandy Wild

There are several bills currently making their way through the Legislature, which if passed, would affect County Retirement Systems. Two of the more important ones are summarized below:

◆AB 1568 (Torrico) - This bill would prohibit a '37 Act retirement board member or employee from selling or providing any investment product to any '37 Act retirement system. The State Association of County Retirement Systems (SACRS) opposes this bill. The '37 Act already prevents retirement board members from marketing to the other members of their own board but should be allowed to do business with the other nineteen systems. Opponents say that it is the responsibility of the members of those other boards to decide with whom they will do business. Further, they argue that retirement boards that have money manager trustees benefit greatly from their expertise and would suffer if those trustees chose not to serve because of this bill. AB 1568 is currently in the Senate Public Employment and Retirement Committee.

◆ACA 23 (Richman) - This version of Assembly Constitutional Amendment 23 is the latest chapter in Assemblyman Richman attempts to close all the current public retirement formulas in the state and replace them with his latest idea, a "mandatory defined benefit plan. ACA 23 is currently in the Assembly Public Employees, Retirement and Social Security Committee. In the wry words of CRCEA consultant Tom Brannon, "...the man {Richman} who told us that defined contribution plans were necessary to solve the public sector's funding problems ... has now introduced a mandatory defined benefit plan and a voluntary defined contribution plan..." The details of ACA 23 are too complicated to go into here - suffice it to say your RPESJC board will be watching it closely. ❖



CRCEA REPORT - by Sandy Wild

In March, five RPESJC Board members attended the California Retired County Employees Association Conference (CRCEA), held in Newport Beach and hosted by the Retired Employees Association of Orange County.

Prior to the opening of the conference, the CRCEA Executive Board met and RPESJC President Marcel Leduc sat in to become familiar with current business plans and projects. Following that meeting, CRCEA President Bill Kirkwood opened the conference. The first speaker was Chris Norby, Vice-Chairman of the Orange County Board of Supervisors. Following him, William Wollett, Jr., CEO of the Transportation Corridor Agencies spoke about the history of toll roads in the southern part of the state.

One of the more interesting speakers during the three-day conference was Keith Bozarth, CEO of the Orange County Employees' Retirement System. Mr. Bozarth's topic was "The Future of Pensions." He believes that while real issues are at stake, '37 Act Systems such as San Joaquin are well positioned to help resolve those issues. As we know, retirement funds have been sorely taxed by poor investment performance during the last few years. The Orange County Board of Supervisors, faced with a considerable hike in contribution rates (based on their last actuarial report) hired an actuarial firm to look at the pros and cons of moving all employees into the CalPERS Retirement System. The bottom line results of that study showed little difference in contribution rates for one system vs. the other.

Other sessions during the conference addressed such topics as Reverse Mortgages, Universal Health Care in California, Estate Planning, and Elder and Financial Abuse. ❖

RPESJC will be hosting the fall, 2007 Conference of CRCEA at the Radisson Hotel in Stockton.

Dates To Remember

May 16-May 26	RPESJC Alaskan Cruise
Tuesday, June 6th	California Primary Election
Thursday, June 8th	RPESJC Annual Picnic, 11 a.m., Oak Grove Park (Reservations Required)
Friday, June 9th	Retirement Board Meeting, 9:00 a.m., SJCERA Board Room
Thursday, June 22nd	RPESJC Board Meeting, 10:00 a.m., SJCERA Office
Friday, June 23rd	Retirement Board Financial Meeting, 9:00 a.m., SJCERA Board Room
Thursday, July 13th	RPESJC Monthly Luncheon, The Old Spaghetti Factory
Friday, July 14th	Retirement Board Meeting, 9:00 a.m., SJCERA Board Room
Thursday, July 27th	RPESJC Board Meeting, 10:00 a.m., SJCERA Office
Friday, July 28th	Retirement Board Financial Meeting, 9:00 a.m., SJCERA Board Room

VOLUNTEER OPPORTUNITIES Adult Literacy Program

Those who attended the February RPESJC luncheon learned a lot about the Stockton Public Library's Adult Literacy Program from guest speaker Ricardo Padilla. If you are a reader wouldn't you like to share your love of reading?

Look no more - - the Adult Literacy Program needs tutors! You can tutor at any Library Branch on weekdays or weekends, days or evenings. Training is available and supplies and support are provided.

For more information, contact Elena Marciano, Ricardo Padilla or Greg Reyes, Public Library Literacy Services, 209-937-7778.

NOTES FROM THE LIGHTER SIDE

And they ask why I like retirement...?
 Question: How many days in a week?
 Answer: 6 Saturdays, 1 Sunday

Question: When is a retiree's bedtime?
 Answer: Three hours after he falls asleep on the couch.

Question: How many retirees to change a light bulb?
 Answer: Only one, but it might take all day.

Question: What's the biggest gripe of retirees?
 Answer: There is not enough time to get everything done.

Question: Why don't retirees mind being called Seniors?
 Answer: The term comes with a 10% percent discount.

Question: Among retirees what is considered formal attire?
 Answer: Tied shoes.

Welcome NEW RPESJC Members!

- Rene Baumgartner
- Frances Brodersen
- Carolyn Contreras
- Tomas Delos Reyes
- Naomi Easter
- Emi Fujii
- Dale Mayer
- Frank Schultz

NEW PUBLICATION SCHEDULE

Following the May issue of the RPESJC Newsletter, future issues will be published on the traditional quarterly system (January, April, July, and October). This will enable the newsletter staff more time to get date sensitive information to its membership earlier and allow members more time to plan for RPESJC sponsored events such as the holiday luncheon and annual summer picnic. Your newsletter staff will be taking a few months off and begin setting up for next new quarterly issue in October 2006.

IN MEMORIAM

We extend our deepest sympathy to the family and friends of those who meant so much.



Joseph Berry	1/31/06	Motorpool
Richard Brodersen	3/5/06	Probation
Diana Brooks-Freeman	2/4/06	Assessor
Maurine Collins	3/1/06	Beneficiary
Roy Cossins	4/15/06	Public Works
Charles Dixon	2/21/06	County Admin
Emil Fehling	2/16/06	Mosquito Abate
Lois George	3/29/06	HCS – SJGH
John Green	3/3/06	Animal Control
Ruth Griffin	3/10/06	HCS – SJGH
John Groom	2/7/06	Probation
Josephine Heitzmann	3/5/06	Agriculture
Robert Holmes	4/20/06	HCS – SJGH
Emilio Jimenez	3/25/06	Beneficiary
Jackson Kitchen	3/24/06	HCS – Substance Abuse
Don Y. Lee	2/1/06	Purchasing
Ervin McMakin	3/5/06	Public Works
Ernestina Mendoza	1/22/06	HCS – SJGH
Frankie Morrow	2/6/06	Beneficiary
Nellie Murray	2/10/06	HCS – Mental Health
Fred Richert	3/1/06	Superior Court
Henry Rurup	3/30/06	District Attorney
John Shaffer	1/14/06	Veterans Services
Michi Shimada	1/31/06	HCS – Public Health
Flora Smith	3/24/06	Human Services
Raymond Traxler	1/9/06	Government Buildings

The surviving spouse of a member is eligible for RPESJC membership. For enrollment assistance, call (209) 466-8556.

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Member comments and suggestions should be directed to Editor, RPESJC Newsletter. Email: rpesjc@sbcglobal.net, or contact

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The RPESJC Newsletter is published four times each year. The information published in it is believed to be reliable. However, no responsibility is assumed by the newsletter or its staff for inaccuracies contained herein.

Financial Advice for Retirees **By Frank Feng, CFP, CSA (Certified Senior Advisor)**

- Best options for 457/deferred compensation plans
- Preserve your assets and increase your income
- Avoid mistakes in selecting long term care insurance
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