



SAN BERNARDINO CONNECT

Retired Public Employees' Association

Chapter 33 – Area VI

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CALPERS BOARD VICE PRESIDENT TO SPEAK

2017 will continue to bring public employees a whirlwind of criticism, uncertainty and change—with the CalPERS Retirement System “right in the middle of it all!” That’s why we’ve invited **CalPERS Board of Administration Vice President Henry Jones** to be our September guest speaker.

Serving his third term as elected representative of retired CalPERS members [2012-2020], he currently also serves as Chairman of the CalPERS Investment Committee.

He retired in 1998 from the L.A. Unified School District where he was chief financial officer and head of the Annuity Reserve Fund Board overseeing the pension fund for teachers and administrators. In addition, he has served as the state finance chair for the Association of California Schools Administrators; treasurer for the National Council of Institutional Investors; chairman of the L.A. Schools Federal Credit Union; business development executive for IBM Business Consulting Services; and principal consultant for PricewaterhouseCoopers. Mr. Jones currently serves as a personnel commissioner for the L.A. Community College District as well as a board member of the Pacific Pension & Investment Institute.

This is an opportunity to hear from someone who is “in the know” and can answer our questions about California pension reform, the security of public employee pensions, and the controversial decisions that CalPERS is making.



YOU'RE INVITED TO ATTEND OUR SEPTEMBER LUNCHEON!

When? Tuesday, Sept. 12, 2017 11:30 a.m. – 2:00 p.m.

Where? Fellowship Hall of the First Presbyterian Church
1900 North “D” Street, San Bernardino

Reservations are required by Tuesday, Sept. 5. Phone June at (909) 583-1082, Gloria at (909) 810-8735 or Linda at (951) 784-1060. Or email lindaandwes@aol.com. Be sure to give us the name (with correct spelling) and phone number for each person who will attend. You are welcome to bring a guest—someone who might be interested in joining RPEA.

Catered luncheon costs: Member, spouse or a caregiver (if needed): \$4 per person
Non-member : First time free; second time \$4; thereafter \$8
(By the third time you attend, we hope you'll have joined RPEA!)



DON'T FORGET! Bring canned/packaged food items for our **SIXTH ANNUAL FOOD DRIVE**. Help restock the community pantry and “share some love.”

We are California public employees working together to maintain and improve the quality of our members' lives by protecting and improving our retirement and medical benefits. RPEA members include retirees, beneficiaries, currently-employed public employees, friends, family members, and others who share our goals. Everyone is welcome!

WE'RE WELCOMING 17 NEW MEMBERS!

Charles Burrows	Arizona	Kathy Napoli	Rancho Cucamonga
Lupe Contreras	Rialto	Darlene Olsen	Hesperia
Janice Davis	Barstow	Carolyn Palermo	Highland
Kenneth Howells	Apple Valley	Joyce Phair	Victorville
Laura Howells	Apple Valley	Desma Sharp	Helendale
Helen Kazmier	Riverside	Theodore Sharp	Helendale
Cecilia Lopez-Henderson	Grand Terrace	Dorothy Thompson	Washington
Elizabeth Merrill	San Bernardino	Jacqueline Zabala	Oak Hills
Richard Merrill	San Bernardino		



NEW CHAPTER OFFICERS



Chapter 33's newly-elected officers are (from left to right) Secretary **PATSY HOLLIS**, Treasurer **CONRAD GUZKOWSKI** and President **SUSAN NELSON**. Vice President **BOB WENGEN** will also join the twelve-member Board to provide leadership for 2017-2019. We're fortunate to have such talented and dedicated Board members!

IMPORTANT!

Because our luncheon catering arrangements have now changed, it is imperative that you make reservations before the luncheon! We will not be ordering extra food and don't want to be caught short. Our order needs to be accurate. Also, if you make reservations and then find you cannot attend, please phone to let us know (if at all possible). Thanks so much!!!!!!

FREE FROM BANKRUPTCY

After nearly five years, San Bernardino City emerged from bankruptcy and, as of June 15, began paying its creditors again [some as little as one cent on the dollar] under the terms of a bankruptcy exit plan that the judge approved in January. The City remains a part of CalPERS, paying back into the pension system the money it owed.

By contracting out many city operations (including trash collection) to the private sector and by now receiving fire dept. services through the county, they anticipate savings on retirement costs. Jeff Breiten, President of the City of San Bernardino Retired Public Employees' Association, spoke to the downside of the exit plan: "Those retirees who had their retirement benefits impaired in this bankruptcy will never have those benefits restored."

CHAPTER 33 BOARD MEMBERS' CONTACT INFORMATION

Susan Nelson, President	909-794-2017
Bob Wengen, Vice President	909-864-7758
Patsy Hollis, Secretary	909-862-7615
Conrad Guzkowski, Treasurer	951-315-1400
June Copple, Membership	909-583-1082
Elaine Graves, Hospitality	909-672-7292
Alan Dyer, Legislation	909-233-9486
Barbara Emilio, Communications	909-476-9951
Gloria Ledesma, Sunshine	909-810-8735
Joe Gonzales, Magazine Exchange	909-889-9841
Linda Stonebreaker, Editor	951-784-1060
Marjorie Callaghan, Past President	909-754-1155

AREA VI DIRECTOR

Wes Stonebreaker 951-784-1060 lindaandwes@aol.com



PRESS RELEASE. JULY 14, 2017. CalPERS reports a preliminary 11.2% net return on investments for the 12-month period that ended June 30, 2017. Assets at the end of the fiscal year stood at more than \$323 billion.

The strongest returns came from the Public Equity Program, which generated a 19.7% return. Private Equity's preliminary net returns were 13.9%, followed by Real Estate, with 7.6%.

Based on these preliminary fiscal year returns, the funded status of the overall CalPERS fund is an estimated 68%, an increase of 3 percentage points from the previous fiscal year. The estimate is based on a 7% discount rate. This brings Total Fund performance to 8.8% for the 5-year time period; 4.4% for the 10-year time period, and 6.6% for the 20-year time period.

Ted Eliopoulos, chief investment officer, emphasizes that the focus is always on the long-term: "We invest for decades, not years."

UPDATE: CALPERS LONG-TERM CARE CLASS ACTION LAWSUIT

In April 2017, Towers Watson, the actuarial firm responsible for setting CalPERS' LTC premiums in 1995, filed a motion seeking the dismissal of plaintiffs' claims on the grounds that they were barred by the statute of limitations and that Towers Watson did not owe the plaintiffs a duty. However, before the hearing could take place, a partial settlement was reached in which Towers Watson will be paying \$9.75 million to settle the claims against it.



This will not impact the claims asserted against CalPERS who is the main defendant in this case. CalPERS has provided a contact list for nearly 122,500 class members to whom notices will be mailed. These individuals purchased CalPERS LTC1 and LTC2 policies issued from 1995-2004 with lifetime coverage and built-in inflation protection; lifetime policies without inflation protection; as well as 3-year and 6-year policies with inflation protection from CalPERS at any time. In 2013, CalPERS increased premiums by as much as 85% unless policy holders elected to reduce benefits, which is what led to this lawsuit.

On June 19, the Court found that CalPERS had immunity in regard to breach of fiduciary duty, but CalPERS' other arguments were rejected. (Plaintiffs have asserted four additional causes of action.)

CalPERS has indicated it will attempt to "decertify" the class; but if the motion is denied, the case will likely proceed to trial next spring on a class-wide basis.

For details and continuing updates, go online to "CalPERS long-term care lawsuit 2017" and to the web sites: calpersltcclassaction.com and calpersclassactionlawsuit.com/litigation-update.html

CALIFORNIA APPEALS COURT DECISION: SUPPORT FOR PENSION "ANTI-SPIKING"

On June 5, 2017, the Court published *DiCarlo v. County of Monterey*, holding that employees' stipends that depended on BOTH longevity and performance were properly excluded from the calculation of public pension benefits. This is because this "combination bonus" was not expressly authorized by the Calif. Code of Regulations. Monterey County Deputy Sheriffs had received a stipend based on having served the county for 20 years and having had a satisfactory/outstanding evaluation. The Appeals Court agreed the county was correct in not reporting the compensation to CalPERS. Although longevity and performance can be reported separately (both are authorized), it is not authorized when based in combination. This decision combats "spiking" by preventing local agency employers from adding any items to those currently authorized to be reported as compensation.

**Retired Public Employees'
Association, Chapter 33
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CHAPTER 33 LUNCHEON MEETINGS

SAVE THESE 2017 DATES!

**September 12
December 12**

Membership applications are available at luncheons, online at rpea.com, or by phoning June Copple (Membership Chair) at 909-583-1082 to have an application mailed to you.

You may be someone who cannot attend luncheon meetings; but by joining RPEA, you will stay informed and support our efforts on your behalf. The more members we have, the greater our influence!

Want to know more about RPEA? Request an information packet by phoning Wes at 951-784-1060 or emailing lindaandwes@aol.com.

When the winds of change
blow, some people
build walls and
others build windmills.
-Chinese proverb

**IF PRO IS THE OPPOSITE OF
CON, WHAT THEN WOULD
BE THE OPPOSITE OF
PROGRESS?**

NEW MEDICARE CARDS

The Centers for Medicare and Medicaid Services will begin sending out new cards in April 2018, but it will take until Dec. 2019 to complete the mailings. A randomly-generated 11-character number will replace the SSN, and you will be able to start using the new card as soon as you receive it.

Never blame anyone in your
life. Good people give you
Happiness.
Bad people
give you
Experience.
Worst people give
you a Lesson. And Best
people give you Memories.



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