

Official Publication of the Retired Employees of the City and County of San Francisco

NEWS & VIEWS

A MEMBERSHIP ORGANIZATION WORKING FOR ALL CITY RETIREES

Health Service Committee Report

By Claire Zvanski

- One smile can generate the same level of brain stimulation as 2,000 bars of chocolate! The Academy of General Dentistry says **dark chocolate** has tannins and flavonoids that help slow down cavities and have more antioxidant power than green tea! (source: Delta Dental)
- **Stephen Follansbee, M.D.** is the newest appointee to the HSS board. He is a well-known and highly respected local physician who worked in all San Francisco hospitals (many of which no longer exist), including Kaiser. All board positions are now filled.
- Most **staff vacancies** have also been filled. Two vacancies are required for "attrition savings" in the budget. It's very exciting to have full staffing, including adding two new EAP counselors.
- For the very first time, there is a specific telephone number and email address for the **HSS Board**. 1 (415) 554-0662 and health.service.board@sfgov.org.
- Many retirees contacted HSS to express their disdain and disappointment that the board did not approve **Blue Shield's National PPO Plan** at the June meeting. The program will be reconsidered again next year.
- Anthem is acquiring Cigna, which reduces the health insurance market from five major players to three. UHC remains the largest in terms of revenue, but Anthem will have the larger customer base with 53 million members. Anthem is California's largest for-profit health insurer.
- **CMS (Medicare)** announced it will

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Retirement Committee Report

By Claire Zvanski, Herbert Weiner, and Herb Meiberger, CFA

Fiscal Year 2015/14 Earnings:

- Preliminary FY 2014/15 gross earnings were +3.71%. *Unfortunately, the earnings are below the long term assumption of 7.5%, and do not meet the test for the Proposition C Supplemental Cost of Living Adjustment (COLA).* As of 6/30/2015, the Plan's market value of assets was \$20.3 billion.

Update on Court Decision in POB Lawsuit related to eligibility for SFERS Supplemental COLA!

- Proposition C, a "pension reform" charter amendment approved by the voters in November 2011, provided that, effective July 1, 2012, no supplemental COLA will be paid unless SFERS is fully funded (100%) based on a market value of assets, and for employees hired on or after Jan. 7, 2012.
- At this writing, SFERS staff has identified 17,719 retired members and beneficiaries (retired after Nov. 6, 1996) *who will be eligible* for supplemental COLAs retroactive to July 1, 2013 and July 1, 2014. There are 8,315 retired members and beneficiaries (retired after Nov. 6, 1996) *who will not be eligible per the appellate court decision.* Jay Huish stated that SFERS couldn't begin to process payments until it receives the final order from the court. Please read the POB report in this issue for additional details.

Longer Lives Impact the Pension's Funding Status:

- Cheiron prepared the *Demographic*

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September Calendar

Regular Meeting

Wednesday, Sept. 9

Business meeting & program: 10 a.m.
Irish Cultural Center
45th Ave. & Sloat Blvd.

News & Views

Editorial Committee Meeting

Tuesday, Sept. 15, 9 a.m.
Taraval Police Station
All interested parties welcome.

Executive Board Meeting

Tuesday, Sept. 15, 10 a.m.
Taraval Police Station
All interested parties welcome.

Public Meetings:

Retired Firemen &

Widows Association

Thursday, Sept. 17, 1 p.m.

Irish Cultural Center,
45th Ave. & Sloat Blvd.

Veteran Police Officers

Tuesday, Sept. 8, 11 a.m.
San Francisco Scottish Rite
Masonic Center,
2850 19th Ave. & Sloat Blvd.

Retirement System

Wednesday, Sept. 9, 1 p.m.
1145 Market St., 6th Floor

Health Service System

Thursday, Sept. 10, 1 p.m.
City Hall, Room 416

UESF Retired Division

For time/location, contact
Diane Doe at 1 (415) 822-2099 or
Ddoe@mac.com.

SEIU 1021 West Bay

Retirees Chapter

Monday, Sept. 21, 12-2 p.m.
Union Hall, 350 Rhode Island St.,
100 South Bldg.
Contact: David Williams
1 (415) 584-8264 or iamdhw@comcast.net.

Retirement Committee Report

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Experience Study: July 1, 2009 to July 1, 2014. The actuarial results of the last five years are compared to the assumptions previously made that establish the contribution rates of both employees and the employers. Experience has shown that members are living longer, and, therefore, collecting annuities longer. *Modifying the assumptions will increase the Fund's liability by about 6%, or \$1.2 billion.* Stay tuned for further analysis and the impact on contribution rates!

Mayor's Office of Housing Down Payment Loan Assistance Program (DLAP)

- Staff provided a preliminary analysis of the Mayor's Office of Housing & Community Development (MOHCD) DLAP in July. Staff's report cited the MOHCD's website: "The DLAP Program provides down payment and closing cost assistance loans to low-moderate income first-time homebuyers purchasing a single family home in the City and County of San Francisco. The DALP is a silent second loan requiring no payment for 40 years. The principal amount plus an equitable share of the appreciation becomes due and payable at the end of the term, or repaid on sale or transfer."
- The anticipated proposal will be to sell these *silent second loans* to the pension fund.
- Active and retired city employees unanimously spoke against this proposal. Patrick Monette-Shaw, Sylvia Alvarez-Lynch, Claire Zvanski, Kay Walker, David Williams, Herbert Weiner, John Furlan and John Stenson urged the board to vote against this investment, citing low returns, lack of liquidity and transparency, high risk and complexity.

Declaration of Vacancy on the Retirement Board

- Commissioner Driscoll's term will end Feb. 20, 2016. Interested parties must complete and submit the nomination form by Sept. 21, 2015. This position is for *an active employee member* as Commissioner Meiberger occupies the only retiree board seat.

Good of the Order

- Commissioner Meiberger noted that the executive director has calendared *Currency Overlay-Lessons Learned* several times over the last two years with no report presented. Commissioner Meiberger cited that the currency

overlay was a failed hedge fund program that lost over \$60 million. Similar types of errors could incur large losses with the proposed \$1 billion hedge fund program. Commissioner Meiberger requested the item to be calendared within three months to present his own report.

Questions? Comments?

Contact Herb Meiberger at herb.sf@gmail.com or Herbert Weiner at h.weiner@sbcglobal.net.

Health Service Committee Report

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- expand a pilot project that allows terminally ill patients to continue receiving curative treatments while also qualifying for **hospice coverage** through Medicare (Medicare Care Choices Model) under the Affordable Care Act.
- HSS administers health benefits for over 113,000 employees, retirees and their families. There was discussion about "**Advance Care Planning Services**" including training for physicians to help with this end-of-life discussion. Patients with **advance directives** on file with their physicians reduce the suffering and stress of members and their family. However, such directives need to be reviewed periodically and updated as perspectives and wishes change.
- The ACA (Affordable Care Act) **Readmissions Reduction Program** is penalizing the nation's hospitals for having **Medicare patients** frequently return within a month of discharge. Among local hospitals fined are Sutter Alta Bates, Summit, Sutter CPMC, Sutter Mills Peninsula, Kaiser SSF, Kaiser Santa Rosa, St. Francis, UCSF, El Camino and John Muir.
- **The Wellness Center** is attracting many new participants.
- No board meeting in October, due to Open Enrollment. There will be a board forum in November that will be an open meeting.

Questions? Comments? Contact Claire Zvanski at 1 (415) 341-3085 or czvanski@hotmail.com.

New Members

Geraldine Berkvam	DPH	Richard King	MTA
Gail Bloom	MTA	Margie Noli	POL
John Joseph Garrity	POL	Olga A. Ryerson	MYR
Greg Kelly	LIB	Patrick Sullivan	FIR
Robert Kerrigan	CRT		

Rest In Peace

The following members have recently passed away.

Barbara Benson	AIR	Martin F. Larkin	DPT
Margaret L. Coulter	FIR	Carlos Luna	CON
Kenneth R. Dittman	REC	John G. Mc Donald	DPT
Edward B. Fong	ASR	Oral L. Moore	GEN
Robert E. Fontan	GEN	Oscar D. Norman	DPT
James J. Haughey	FIR	Frank J. O'Rourke	FIR
Barbara K. Horky	TIS	Harold R. Pewitt	DPT
Thomas E. Jones	POL	Rita F. Spooler	TTX
George L. Kelcec	DPT	William S. Tom	DPT
Jean Labadie	DPW	Olga Viripaeff	CAT

President's Message

By Claire Zvanski

- Colleagues, don't count on receiving the Proposition C lawsuit **supplemental COLA** this year. The Retirement System would like to pay you, but the court has not issued its written opinion directing payment. It is anticipated the opinion and payment will come at some point in 2016; more details in the POB report in this issue.
- We are **living longer** these days, and, despite efforts to encourage employees to work longer, they are actually retiring sooner. This means the fund will be paying more retirees over longer periods of time. The Retirement System must make decisions to meet this increased liability; it will result in an increase in both employee and employer contributions.
- An ongoing RECCSF board discussion involves increasing memberships, and finding retirees to volunteer to monitor both the **Retirement and Health Service board meetings** and write resulting articles. If the Reed Initiative goes forward, it will impact both retirement and health care benefits. Learn more about Social Security and Medicare. Retirees who think their benefits are safe will have a rude awakening if they don't learn how to monitor these systems into the future. Current RECCSF advocates won't be able to carry on monitoring these issues forever!
- RECCSF is *still* in dire need of a member to fill the role of **Secretary**. The actual work is limited, and it's a great opportunity to get to know fellow members.



Questions? Comments? Contact czvanski@hotmail.com or 1 (415) 341-3085.

Protect Our Benefits

By Larry P Barsetti, POB chair

Protect Our Benefits is an independent political action committee which falls under the provisions of the San Francisco Ethics Commission. The opinions are those of the writer.

After the California Supreme Court denied the petitions for review from both POB and the City, it might have seemed as if the question regarding the 2011 Proposition C—and its effect on the supplemental COLA's for CCSF retirees—was settled by the courts. Nothing could be further from the truth.

POB attorney David Clisham immediately advised POB that we City and County of San Francisco retirees had indeed won a complete victory. He feels strongly that the ruling by the California Appellate court, which changed the rules that control payment of supplemental COLAs back to their status before Proposition C, applies to **all** retirees, regardless of when they retired.

Mr. Clisham is convinced that the second part of the appellate court's ruling, which states that the City "may"

apply Proposition C's changes to those who retired prior to Nov. 6, 1996, is only an "advisory" ruling, not an order from the court. There are no exclusions in the San Francisco Charter for those who retired prior to Nov. 6, 1996—or at any other time. All of the charter changes which brought the supplemental COLA and its enhancements into being, state: "...all members of the S.F. Employees Retirement System (ERS) shall receive...."

Therefore, Mr. Clisham strongly believes that, in order for the ERS to refuse to pay the supplemental COLA to those who retired prior to Nov. 6, 1996, the charter must be changed by the electorate. Mr. Clisham has filed a motion with the San Francisco Superior Court asking that the meaning of the

word "may" be clarified, and an order issued to the ERS directing them to treat all retirees equally as mandated by the charter. The hearing on the motion is scheduled for Wednesday, Sept. 30 at 1:30 p.m., in Department 305, San Francisco Superior Court, 400 McAllister St., San Francisco. Please visit www.protectourbenefits.org or our Facebook page for immediate updates.

POB is appreciative of your generous donations. Ongoing support is *always* needed so that POB can continue to work on your behalf. Please make your check payable to POB, P.O. Box 320057, San Francisco, CA 94132, or make a donation at our POB website. Your donation is not tax deductible under federal or state law.

Useful Phone Numbers

S.F. Retirement System

Website: www.sfgov.org/sfers

Phone Numbers:

1 (415) 487-7000 • (888) 849-0777

Health Service System

Website: www.myhss.org

Phone Numbers:

1 (415) 554-1750 • 1 (800) 541-2266

Phone Hours for both:

8 a.m. to 5 p.m.

July 2015 Membership Meeting



Muni members visiting with speaker Glenn Sylvester (top row, far right).



Speaker (and life member) Glenn Sylvester, SFPD, gave a fascinating presentation on defeating cyber-crime. Glenn has promised to return to arm members with continuing in-depth strategies!



Member Marti Lewkowitz, Laguna Honda Nursing.



Member Cornelius O'Leary, Muni, welcomed back at a meeting after a long absence.



New member Romando Lucchesi, SFMTA.



New member Gail Bloom, SFMTA.

Travel Committee Report

By Beverly Pardini and
Marylou Allen

Wed.-Fri., Sept. 2-4

The Nugget in Sparks hosts the 27th annual Best in the West Nugget Rib Cook-off, featuring top barbeque chefs from all over the country. In addition to sampling the ribs (for a small fee), there are many arts and craft displays and live music. Trip includes two nights at the Silver Legacy in Reno and visits to two other casinos for refund packages.

Friday, Sept. 18

The Santa Cruz Follies are celebrating their Diamond Anniversary—60 years of song and dance—with a performance entitled “Those Were The Days” held in the Civic Auditorium; before the show, lunch with entrée choices at

the Crow’s Nest overlooking the Santa Cruz Harbor.

Wednesday, Oct. 14

Mystery Tour with Craig Smith, San Francisco’s premier guide. Lunch included; entree choice of filet of sole, chicken marsala, or veal picatta to be selected when making reservation.

Thursday, Oct. 29

Destination is High Hill Ranch in Apple Hill Country, located in the town of Camino—just above Placerville. Enjoy a delicious BBQ chicken lunch complete with a slice of hot Apple Pie ala mode; before returning home, time allowed to shop the many arts and craft booths.

*Info: Marylou at 1 (800) 334-3465 or
mrylallen@yahoo.com.*

Membership Committee Report

By Mary Anne McGuire-Hickey, Chair

Member responses are not going well at the RECCSF office!

After many reminders in the past few months, RECCSF Office Manager Reyna Kuuk, RECCSF President Claire Zvanski, and myself have received fewer than 100 responses to our pleas for members to provide us their email addresses for the *News & Views* distribution list. There was a very small response to the 472 postcards mailed to all existing annual members; a little over 50 annual members willingly shared their email addresses.

We do not wish to adversely impact any of our members; but, unless we have heard from non-respondents by Tuesday, Sept. 15, we will be forced to impose an additional \$25 per year to defray escalating printing and mailing costs for the privilege of receiving News & Views by U.S. mail. (Exemptions may be made, on a case-by-case basis, for members not having access to computers.)

Please contact the office at reccsf@att.net or 1 (415) 681-5949, or my home at 1 (415) 467-6862, preferably between 8 a.m. and 12 noon.

We need your email address now!

Update!

Supplemental COLA payment ala Proposition C Lawsuit

- SFERS can't process payment until it receives the court order directing payment.
- SFERS estimates payment to be made in 2016.
- The appellate court denied pre-Nov. 6, 1996, retirees' eligibility for this supplemental COLA.
- 2013 and 2014 are the only eligible years for the supplemental COLA.
- The calculations are complicated, compounded, and include eligible survivors and estates.
- The hearing on the motion is scheduled for Wednesday, Sept. 30, at 1:30 p.m. in Department 305, San Francisco Superior Court, 400 McAllister St., San Francisco.

RECCSF Secretary Position Vacant

A great opportunity to become more involved and meet other members.

Responsibilities:
taking monthly minutes.
If interested, please contact
Claire Zvanski at
1 (415) 341-3085
or czvanski@hotmail.com.

RECCSF Fall Office Hours

Monday and Friday

9 a.m. to 12 noon

Tuesday, Wednesday and Thursday

4:30 to 7:30 p.m.

COLAs—A Lot to Digest

By John Madden

Retiree COLAs, short for **Cost Of Living Allowances**, are difficult for most city retirees to understand. There are two COLAs—one based on the change in the San Francisco Consumer Price Index (“CPI”) for the prior calendar year and the other based on excess earnings, if any, of Retirement System investments during the prior fiscal year. Basic CPI-driven COLAs appear in monthly allowance checks for the month of July. Excess Earnings COLAs are generally included in February checks, retroactive to July 1 of the preceding fiscal year.

Here’s how the two COLAs work:

Basic COLA

If there is an increase in the San Francisco Bay Area Consumer Price Index (CPI) during the prior *calendar* year, an adjustment of up to 2% on our *initial* retirement allowance is added to the monthly allowance. There’s also a “bank” feature to this COLA that accumulates any CPI over 2% to be available if a future year results in less than a 2% change in the CPI. That’s why some retirees can receive 2% in some years, while more recent retirees receive 1% (or less).

Supplemental COLA

When Retirement’s earnings in any fiscal year exceed actuarial estimates (currently 8.58%), the excess earnings are used to provide a *total COLA* of 3.5% on our *current*

allowance (a 3.5% *compounded* increase). The excess earnings provide for the difference between the Basic COLA and our last year’s allowance plus 3.5%, *not* the entire 3.5% increase. In some years, this COLA also benefits “old plan” police and fire retirees.

We must wait for the fiscal year to be completed to determine investment results. If earnings are less than the \$1.6–\$1.8 billion needed to reach this year’s estimates, no supplemental COLA is paid. However, after RECCSF helped pass Proposition B in 2002, any “supplemental COLA,” once granted, can’t be taken away.

Why do we have two, separate, confusing and complex COLAs? Because charter amendments generally must have only minimal cost to be passed by the voters, and these were thought to be the best solutions we could manage at the time that they were proposed. Given the present economic situation, with inflation at historic lows in the 1-3% range, we are not being negatively affected by the current formulae. At some more opportune point in time, we should consider a charter amendment with a single compounded COLA that parallels inflation. This could facilitate administration by Retirement System staff and simplify our understanding of COLAs as well.

In the meantime, we hope that the system’s investment advisors adopt reasonable earnings estimates and do a good job increasing investment returns, so that we can keep abreast of the cost of living.

This chart shows the difference between the two COLAs.

Initial pension = \$1,000

	<u>2% BASIC COLA</u>	<u>3.5% Supplemental COLA</u>
After 1 year	$(2\% \times \$1,000) = \$20 + \$1,000 =$ \$1,020	$(3.5\% \times \$1,000) = \$35 + \$1,000 =$ \$1,035
After 2 years	$(2\% \times \$1,000) = \$20 + \$1,020 =$ \$1,040	$(3.5\% \times \$1,035) = \$36 + \$1,035 =$ \$1,071
After 3 years	$(2\% \times \$1,000) = \$20 + \$1,040 =$ \$1,060	$(3.5\% \times \$1,071) = \$37 + \$1,071 =$ \$1,108
After 4 years	$(2\% \times \$1,000) = \$20 + \$1,060 =$ \$1,080	$(3.5\% \times \$1,108) = \$39 + \$1,108 =$ \$1,147
After 5 years	$(2\% \times \$1,000) = \$20 + \$1,080 =$ \$1,100	$(3.5\% \times \$1,147) = \$40 + \$1,147 =$ \$1,187

Editor’s Note:

We urge more submissions from our members—both letters to the editor and articles—that reflect the varying opinions of *all* our members on issues of interest to all City retirees. Submissions are printed on a space-available basis and subject to being edited for grammar, length, and appropriate language; but *never* rejected for opinion.

Aug. 18 Board Meeting Actions

- Accepted Treasurer’s Report.
- President Claire Zvanski to write letter to California Attorney General Kamala Harris thanking her for accurately describing the Reed/DeMaio Pension Reform Initiative.

How to Lend Money

By Maria Soria,
Burlingame Branch Manager
San Francisco Federal Credit Union

If you decide to loan money to a friend or family member, do it wisely:

Don't lend money you can't afford to lose. Be prepared for the possibility that you won't receive your money back. If you lend cash that you need to pay the mortgage or other essential expenses, you are putting yourself in a precarious financial situation.

Get the agreement in writing. If you only agree on the terms verbally, it is possible that both you and the borrower will genuinely remember them differently in the future. By writing down the repayment terms, there will be no question as to what was agreed to.

Give a reminder. Give a friendly reminder before the due date so that borrower does not forget about the payment.

Communicate and cooperate. If your friendly reminder fails to work, try to communicate with the borrower calmly. If he or she is experiencing ongoing difficulties, can you work out an alternative repayment agreement? You can go to small claims court to collect, but it can be time-consuming, and it is usually best used when all else fails.

Want more financial advice? We are here to guide you toward making smart financial decisions. Call or stop in to attend a workshop or learn more about products and services that can help.

Attention—*News & Views* has gone electronic!

In order to provide a greater range of information and remain within our allotted dues revenue, RECCSF has moved to an email version of *News & Views*.

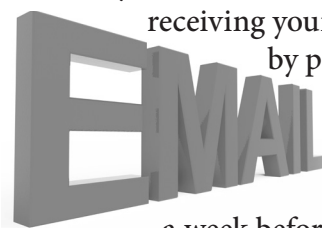
If you have not yet signed up for your emailed copy at reccsf.net, you need to do so by Tuesday, Sept. 15 in order to avoid any interruption in receiving your newsletter.

Effective Oct. 1, 2015, a subscription charge of \$25 per year will be charged for hard copies mailed through the U.S. Postal Service.

(Exemptions may be made, on a case-by-case basis, for members without access to computers.)

Reminder to provide RECCSF with your email address!

If you have an email address, and are still receiving your copy of *News & Views* by postal mail, please email reccsf@att.net ASAP.



Emailed copies tend to reach members up to a week before printed copies, which not only ensure timely updates on your current retirement issues, but also help to significantly defray RECCSF postage and printing costs.

Many thanks!

Membership and Subscriptions

for retired city employees *as of July 31, 2015*

Membership application: www.sfretirees.org

- \$48, *annual*
- \$600, *lifetime* (payable over six months in six payments of \$100 per month, or annually over six years in increments of \$100 per year)
- **Subscriptions for mailed printed copies will be available for an additional \$25 a year.**
(Exceptions may be made for members without computer access.)

News & Views is the publication of the Retired Employees of the City & County of San Francisco, Inc., a nonprofit organization. *News & Views* is published to express the policies, ideals and accomplishments of the organization. Nothing shall be published herein that is racist, sexist or ageist, or that is derogatory toward religious beliefs and other personal issues; nor shall be published anything in violation of Article VII, Section 1 of the RECCSF constitution. Editorial contributions from individuals, organizations and groups other than RECCSF and its members may be included in *News & Views* only upon the approval of the Editorial Committee.

Submissions to *News & Views* are solicited and encouraged.

Submit in Word document to: sheilamullen@mac.com, or

Sheila Mullen, editor, RECCSF office, 3915 Irving St., San Francisco, CA 94122-1294

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News & Views

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is the date your dues expire.



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Claire Zvanski, President

Linda Tabor-Beck,
First Vice President

John Madden,
Second Vice President

Secretary, Vacant

George Lau, Treasurer

Leo Martinez, Sergeant-at-Arms

Executive Board Meeting

Sept. 15, 10 a.m.

Taraval Police Station

2345-24th Ave.

All interested parties welcome.

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Note to members:

Please keep RECCSF updated
with changes in address,
phone number and email.

News & Views

October Deadline:

☛ Friday, Sept. 11, 5:30 p.m.

Please email your submissions to:

sheilamullen@mac.com.

Letters to the Editor of 50 words or less welcome.

All letters subject to further editing.

Visit our website:

sfretirees.org

RECCSF office

email address:

reccsf@att.net

Welcome, New Retirees

Upcoming General Membership Meeting

Wednesday, Sept. 9 *Cybersmart 2 with Glenn Sylvester* — Mr. Sylvester is back with an encore of his popular program; he will be providing additional strategies on keeping our computers, cell phones, and other electronic devices safe from viruses and hackers.

Wednesday, Oct. 14 *Open Enrollment Health Fair*

Wednesday, Nov. 11 *"Roads" Scholar* — Educational Program