


# Lessons Learned from a Pension Crisis

A special presentation for the

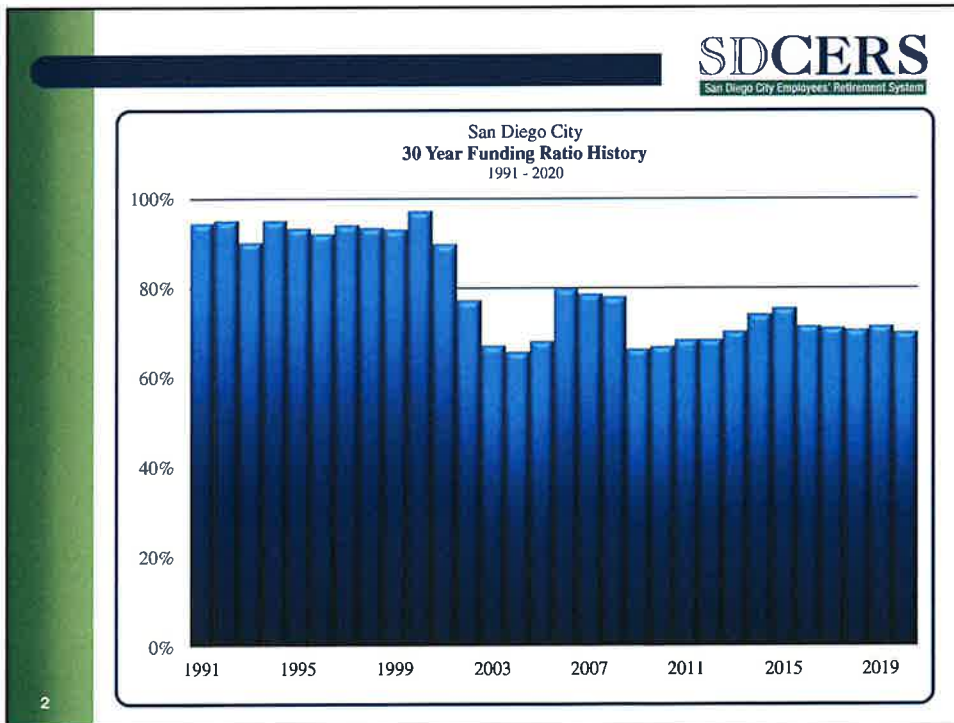


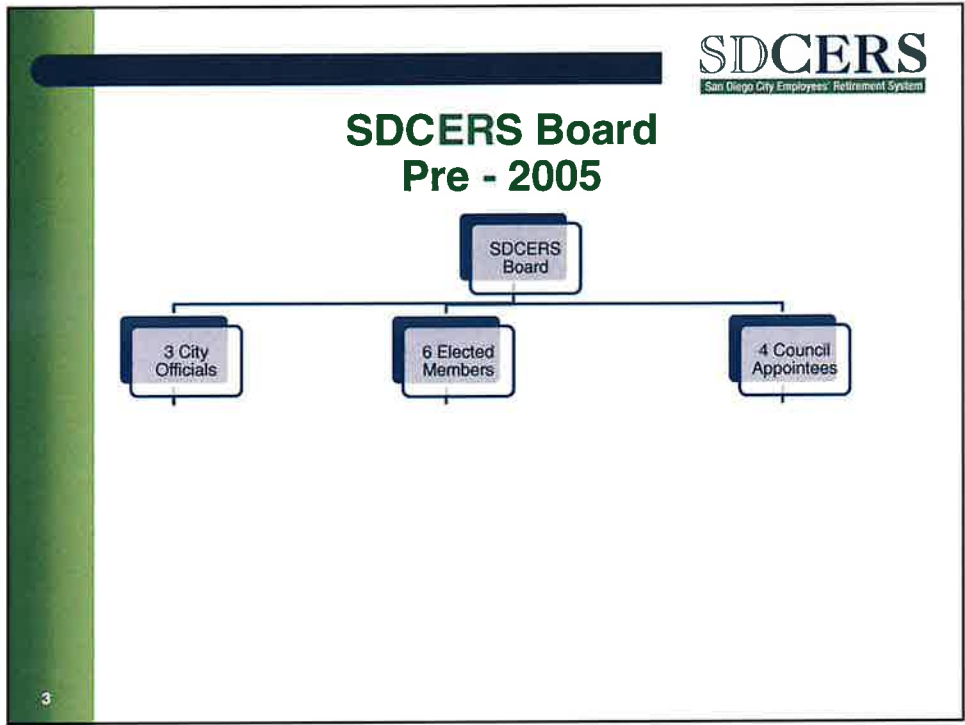
**MesaWater**  
DISTRICT®

October 26, 2021

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**Gregg Rademacher**  
Chief Executive Officer  
San Diego City Employees Retirement System

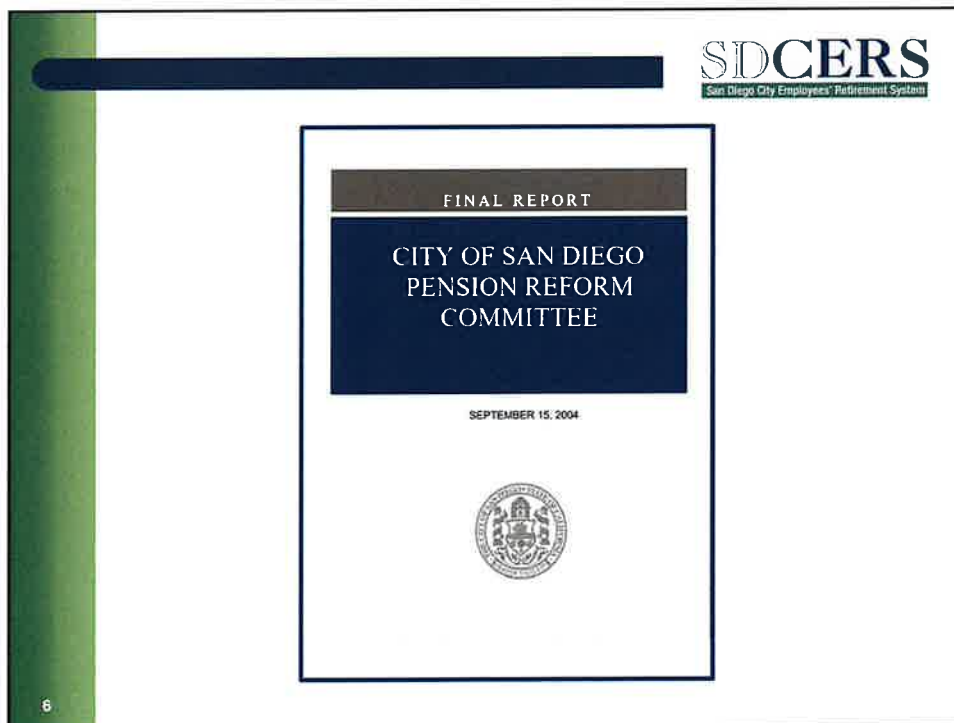




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Year of City's Retirement Payment	Payment Amount Recommended by the Actuary	Actual Amount Paid by the City
1997	\$40.2 million	\$31.0 million
1998	\$42.5 million	\$34.5 million
1998	\$47.5 million	\$38.7 million
1999	\$56.5 million	\$43.4 million
2000	\$66.3 million	\$49.7 million
2001	\$91.9 million	\$58.6 million
2002	\$140.2 million	\$69.0 million
2003	\$181.3 million	\$122.1 million

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# Consequences




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# The Fallout




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## New Governance

- 2004 Ballot Proposition
  - Prop G – Change Board Structure
  - Prop H – Shorten Amortization Periods
- 2005 Pension Reform
  - Close DROP
  - Close Annual Supplemental Benefit
  - Close Purchase (Air Time) Service Credit
  - Reduce Retiree Health Amount
- 2006 Ballot Proposition
  - Prop B – Voter Approval for Benefit Increases

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## New Governance

- 2009 Pension Reform
  - Lower General Plan Retirement Factors
  - Lower Police Plan Retirement Factor
- 2011 Pension Reform
  - Lower Fire and Lifeguard Plan Retirement Factors
- 2012 Ballot Proposition
  - Prop B – City Plan Closure for New Non-Police Employees

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## Proposition B: The Promise

- Close Most City DB Plans to New Hires
  - General, Fire, Lifeguard Employees and Elected Officials
- Defined Contribution Plan for New Hires
  - General Employee and City each Contribute 9.2%
  - Safety Employee and City each Contribute 11%
  - Ballot Disclosure Estimated DC Cost \$13 Million more than DB
- Police Plan Changes
  - Police: 1 to 3 AFC, Lower Maximum Benefit from 90% to 80%
- Salary Freeze
  - All City Employees for Five Years
  - Ballot Disclosure Estimated \$1 Billion Savings over 30 Years

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## Proposition B: The Path Forward

- Superior Court "Quo Warranto" Ruling
- Re-Opening the City Plan
  - New Employees
  - Prop B Employees in City Service
  - Prop B Employees who left City Service

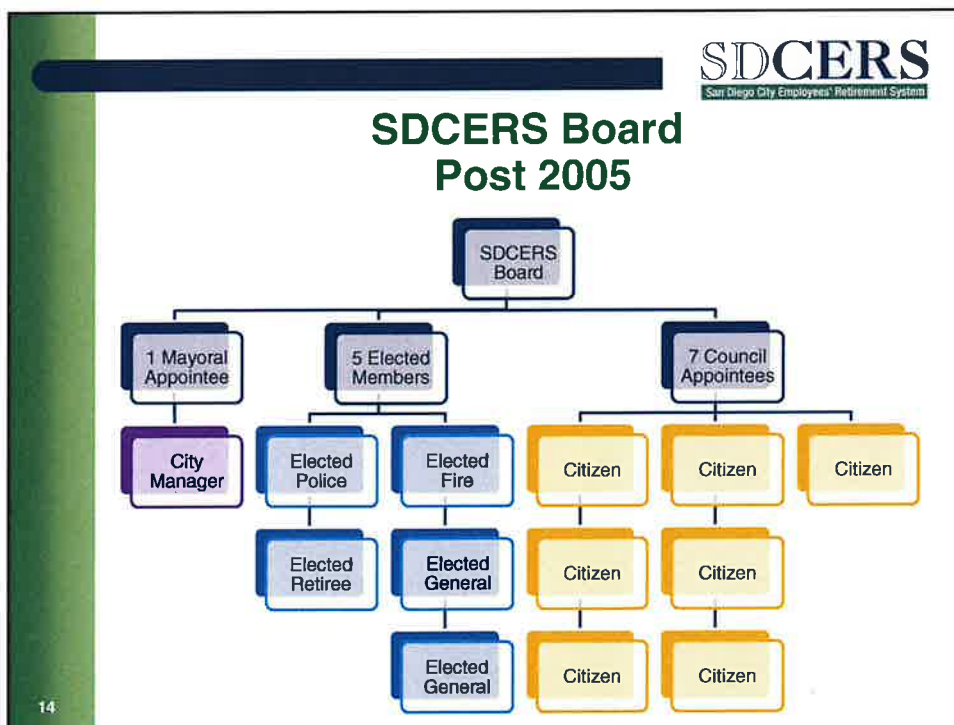
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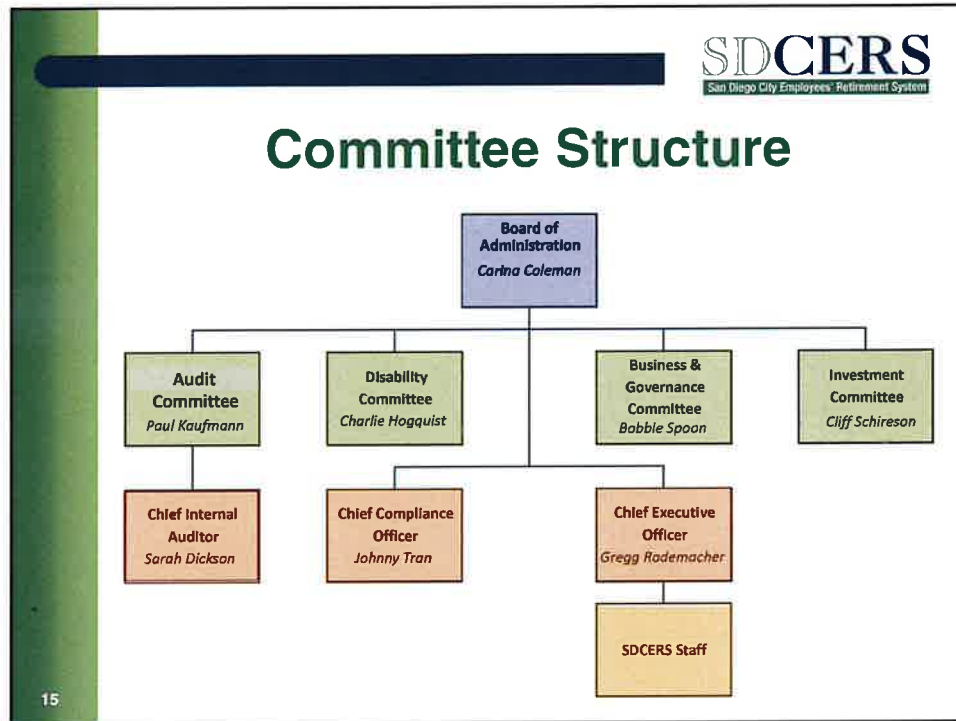
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## Rebuilding SDCERS

- Board Structure
- Committee Structure
- Meeting Schedule
- Operational Governance
- Plan Funding
- Core Values
- Stakeholder Relationships

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### SDCERS BOARD AND COMMITTEE MEETING SCHEDULE

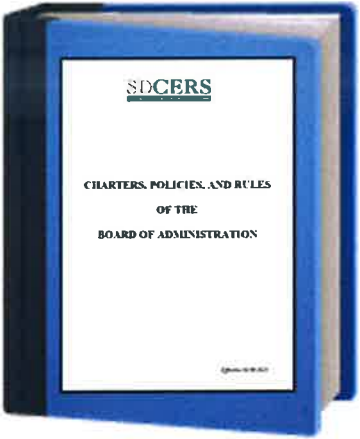
Month	Day	Meeting Type
January 2022	10	Board Meeting
January 2022	13	Committee Meeting
January 2022	14	Board/Committee Meeting
February 2022	23	Board Meeting
February 2022	24	Committee Meeting
March 2022	10	Board Meeting
March 2022	11	Committee Meeting
March 2022	14	Board/Committee Meeting
April 2022	13	Board Meeting
April 2022	14	Committee Meeting
April 2022	15	Board/Committee Meeting
May 2022	10	Board Meeting
May 2022	11	Committee Meeting
May 2022	12	Board/Committee Meeting
June 2022	22	Board Meeting
June 2022	23	Committee Meeting
June 2022	24	Board/Committee Meeting
July 2022	13	Board Meeting
July 2022	14	Committee Meeting
July 2022	15	Board/Committee Meeting
August 2022	10	Board Meeting
August 2022	11	Committee Meeting
August 2022	12	Board/Committee Meeting
September 2022	13	Board Meeting
September 2022	14	Committee Meeting
September 2022	15	Board/Committee Meeting
October 2022	10	Board Meeting
October 2022	11	Committee Meeting
October 2022	12	Board/Committee Meeting
November 2022	9	Board Meeting
November 2022	10	Committee Meeting
November 2022	11	Board/Committee Meeting
December 2022	7	Board Meeting
December 2022	8	Committee Meeting
December 2022	9	Board/Committee Meeting

	Board Meeting
	Committee Meeting
	Board/Committee Meeting
	Holiday



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## Operational Governance



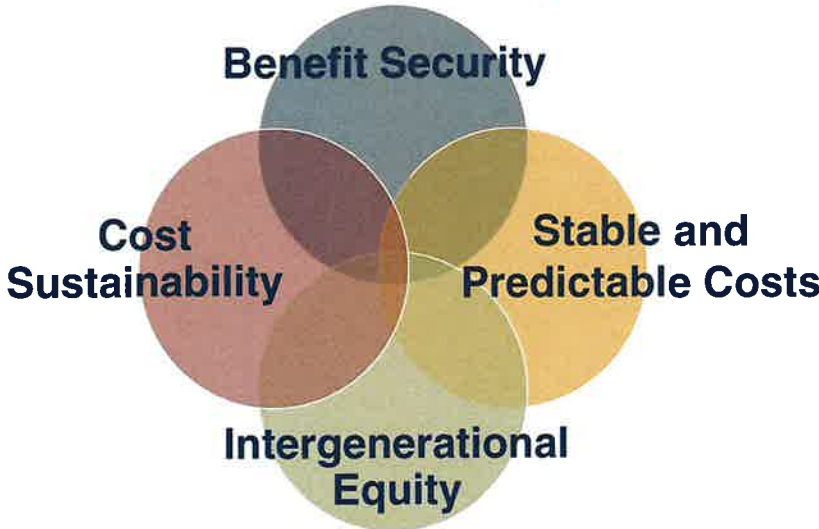
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Pages  
of  
Good  
Governance**

[www.sdcers.com/Resources/Governing Documents](http://www.sdcers.com/Resources/Governing%20Documents)

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## Plan Funding



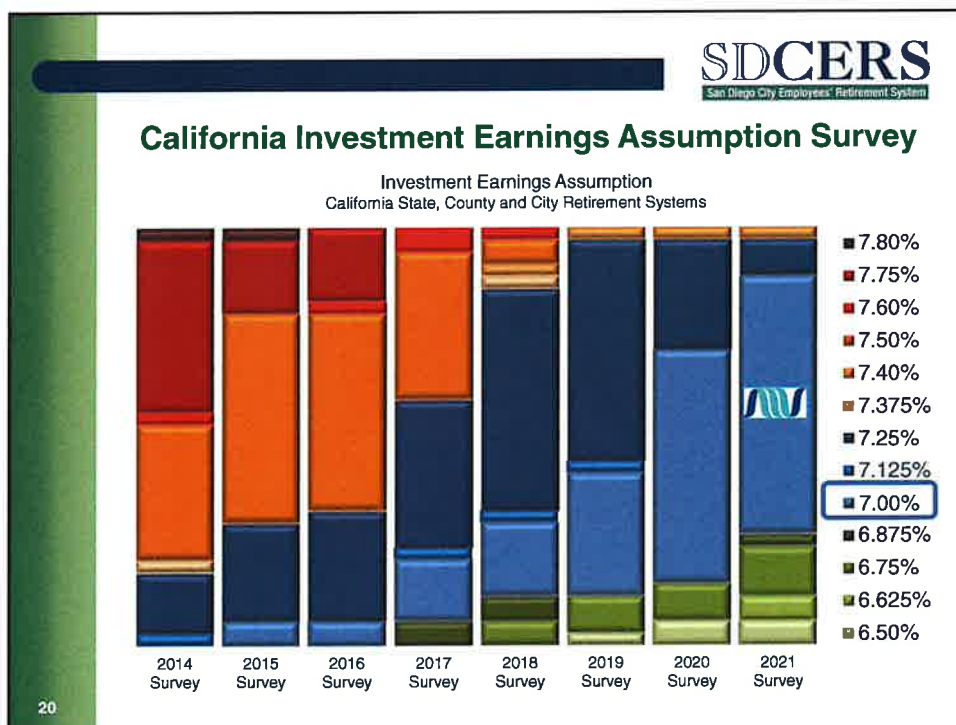
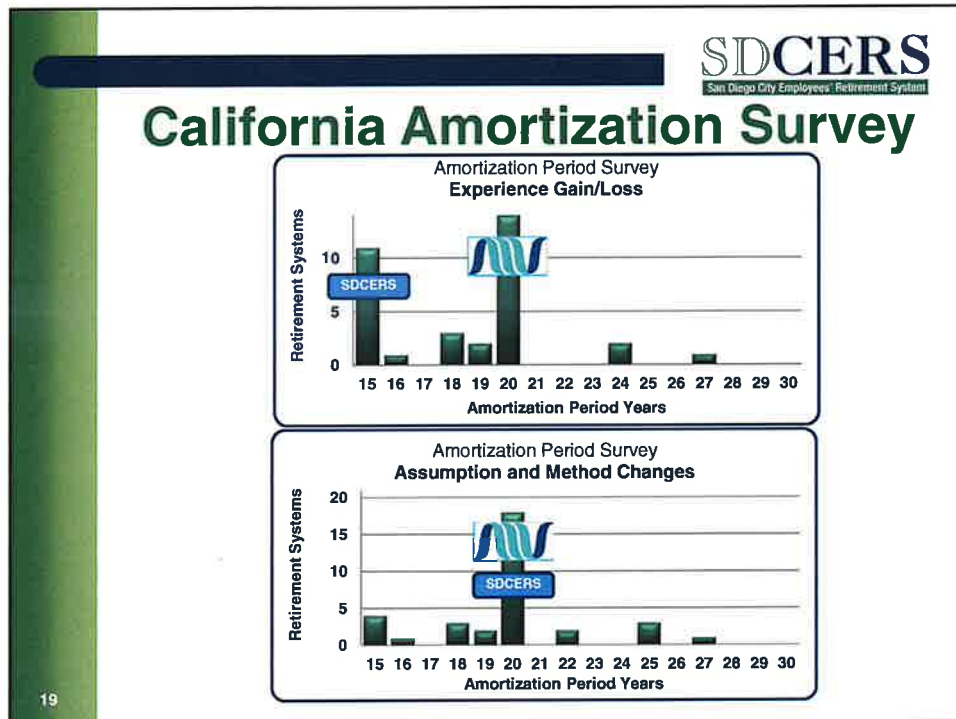
**Benefit Security**

**Cost Sustainability**

**Stable and Predictable Costs**

**Intergenerational Equity**

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## Core Values

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**SDCERS Core Values**

At the San Diego City Employees' Retirement System, we are dedicated to providing our members with their promised benefits accurately and timely while ensuring the safety, integrity and safety of the trust. Our members rely on the financial security that the benefits plans we administer and our plan sponsors depend on us to do so efficiently. The following Core Values guide all our actions as we administer the trust.

**Accountability**

- We do what we say we will do
- We take ownership and responsibility for our actions
- We provide clear expectations and follow-up when expectations are exceeded, met or missed

**Customer Service**

- We provide clear, complete, and responsive answers to our members' questions
- Requests are acknowledged and completed accurately and timely
- We understand our many customers that include our members, plan sponsors and the SDCERS team will be treated with dignity and respect

**Fiduciary**

- We understand our duty of loyalty to our members
- We are courageous in standing up for the rights of the trust
- We perform our work with care, skill, precision, and diligence

**Integrity**

- We will be honest and truthful
- We have a strong ethical compass based upon regulations, policies and rules
- We follow the plan design and apply rules consistently to everyone

**Professionalism**

- We dedicate ourselves to seeking answers and solving problems with a positive attitude
- We appreciate the diversity of the people we serve and treat each individual with respect
- A successful team member strives to be a knowledgeable professional who demonstrates commitment to their work, expert knowledge and skill, and the willingness to share and enhance that body of knowledge

**Transparency**

- We conduct business in an open manner
- We encourage public oversight through open board meetings
- Public record requests are fulfilled accurately and timely

SDCERS Core Values approved by the Board May 10, 2010

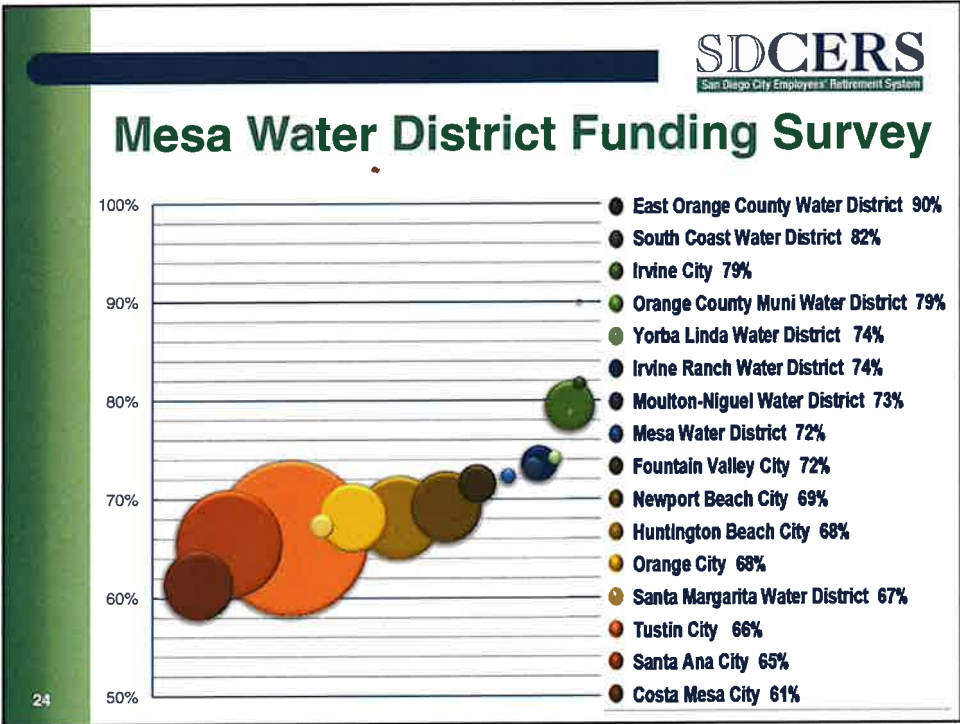
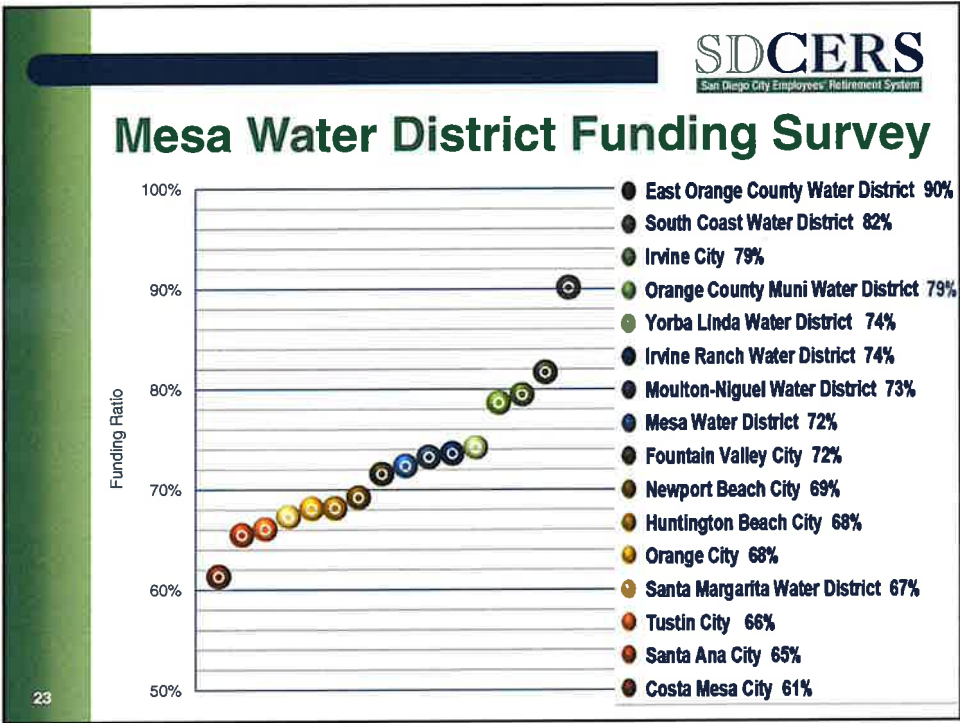
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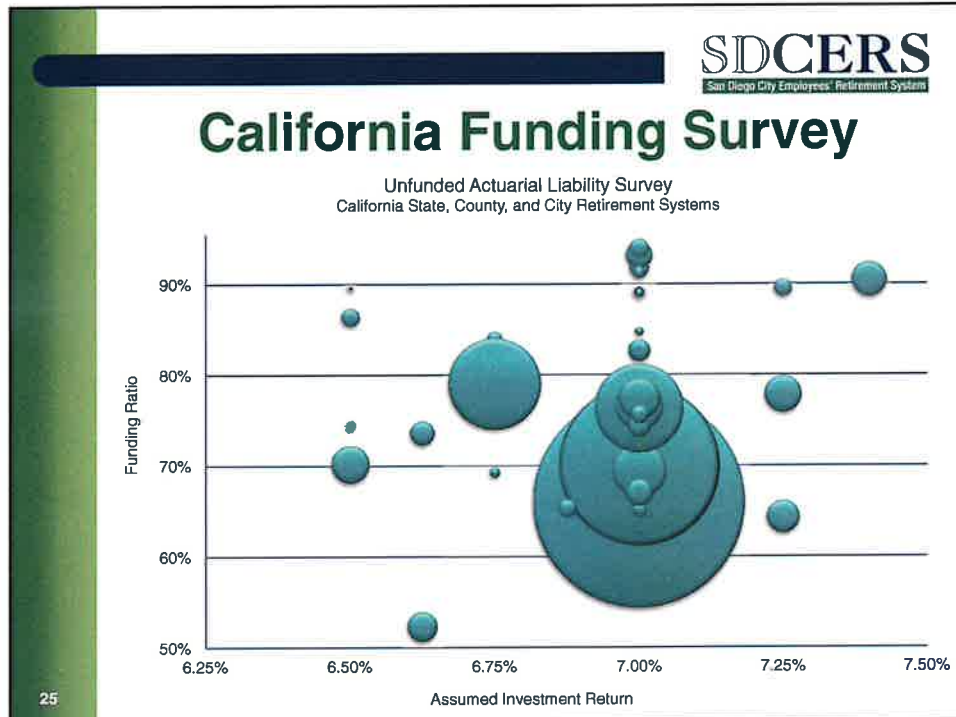
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## Stakeholders

The diagram consists of three overlapping circles. The top circle is orange and labeled 'Employers'. The bottom-left circle is green and labeled 'Retirees'. The bottom-right circle is blue and labeled 'Actives'. All three circles overlap in a central area.

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## Lessons Learned

- Duty to Members is Always First
- Funding Policy is Reserved for the Board
- Establish Board and Plan Sponsor Roles
- Listen to Your Experts
- Governance Transparency
- Keep Mission and Values Alive

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