



September 2019

RETIRED PUBLIC EMPLOYEES ASSOCIATION YREKA CHAPTER #037

Newsletter Editor: Vel Singewald

CHAPTER #37 POTLUCK: 11:30 a.m. Wednesday, September 18, 2019

WHERE: Freddie Simas' house, 816 W. Miner Street, Yreka CA



Bring a dish to share



Chapter Officers

President: Royce Fischer	(530)459-1040
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Area II Director: Abe Baily	(530)680-7883
Assistant Area II Director: Ernest Sandoval	
Board Members: Lyda Teasley	
Dan Morgan	

July 17th Pizza Party

Was held at Round Table Pizza with approx. 12 people attending.

Al Darby, President, RPEA

The Board has asked that issues related to JJ Jelincic be clarified - these bits of information should further inform you about JJ's qualifications and other issues related to his candidacy. Feel free ask me anything about these articles and talking points

Breaking News on Pensions In a recent Boston College study, researchers found that Pension Boards with at least two members who possess extensive investment or actuarial experience cause their pension fund to increase investment return by up to 1.25%. This is a very significant number and strongly supports the election of JJ Jelincic, an investment manager, to the CalPERS Board Retiree Seat.

From: **GEORGE OTTERBECK** <origsnoopy1@gmail.com>

Date: Tue, Aug 27, 2019 at 3:58 AM

Subject: new scam

The following describes a new variation of a scam coming up:

Don't be fooled. The **IRS** will never send you any unsolicited email or email you about the status of your **tax refund**.

Officials this month warned taxpayers to watch out for a new scam after receiving an uptick of reports about unsolicited emails from imposters claiming to represent the IRS.

Some of the recent scam emails included subject lines like "Automatic Income Tax Reminder" or "Electronic Tax Return Reminder," officials said. They include links to websites that look like

IRS.gov, but aren't the actual IRS website. When a user clicks to access files purportedly about their refund, electronic return or tax account, they inadvertently download **malware**.

The scammers can then gain control of the computer or track every keystroke, learning passwords and other sensitive data, officials warned.

"The IRS does not send emails about your tax refund or sensitive financial information," IRS Commissioner Chuck Rettig said. "This latest scheme is yet another reminder that tax scams are a year-round business for thieves. We urge you to be on guard at all times."

Officials said they've worked with state tax agencies and the tax industry to combat stolen identity refund fraud, but people still remain vulnerable to scams by imposters sending phony emails or making annoying phone calls.

It's important to remember that the IRS doesn't initiate contact with taxpayers by email, text messages or social media, officials said. Anyone requesting personal or financial info like PIN numbers, passwords or account information on those channels is not working for the IRS.

The IRS also doesn't call to demand immediate payment using a specific method like a prepaid debit card, gift card or wire transfer, officials said. They will usually mail you a bill instead.

CalSTRS's Plan to Reduce Fees by Leo Kolivakis May 29, 2019The California State Teachers' Retirement System (CalSTRS) is initiating a long-range plan to increase internal management of assets to reduce the \$1.8 billion it currently pays out in external management fees: The effort for cost savings comes at a critical time for CalSTRS, the second-largest US retirement plan. The plan is only 65.5% funded as of June 30, 2018, a number that is expected to drop after the plan posts its investment returns for this fiscal year at the end of next month. It has been a volatile year for pension plans primarily due to the ups and downs of the stock market. Few, if any, plans are expected to meet their anticipated rates of return. CalSTRS's expected rate of return each year is 7%, a rate some critics say is unrealistic. In any case, saving external fees by increasing internal management can give CalSTRS a better chance of meeting its returns projections, argue investment staffers. According to the article, CalSTRS has made the largest progress in internal management in its \$28.3 billion fixed income portfolio where 85% of the assets class is internally managed, as well as in the \$119.5 billion global equity portfolio, where around 50% is managed internally. The largest group of fees paid to external managers in 2017 was in private equity where \$521 million was paid in management fees and carry (profit sharing).CIO Chris Ailman has said that it would be difficult for CalSTRS to run its own direct equity program in a way similar to the way Canadian pension plans do, but he has advocated taking a first step by building the private equity co-investment program, in which pension plans can invest alongside equity general partners, often with no fees or carry. Ailman is absolutely right to focus on building out the co-investment program. Investing alongside general partners on larger transactions is how Canada's large pension funds were able to maintain their allocation to private equity while lowering overall fees. But developing a co-investment program requires internal expertise and this means hiring and paying people with specialized skill sets who can quickly analyze co-investments and invest in the requisite time frames general partners set which is often short notice. CalPERS, the other giant California pension fund, just hired Greg Ruiz as managing investment director for private equity. Ruiz was previously a principal at Altamont Capital Partners, a private equity firm based in Palo Alto, California, according to a statement from CalPERS. CalPERS currently has around \$28 billion invested in private equity and sees further investment in the asset class as instrumental to achieving its 7% return target. Its CIO, Ben Meng, discussed the new private equity platforms with me back in March and they're

proceeding cautiously, even seeking ideas on this initiative. In a recent board meeting, Meng fielded questions from investment committee members as to why co-investments at CalPERS had stopped. He said the entire program was under review and that it was prudent to stop co-investments as part of the overall review. He also told the investment committee that the new co-investment program must have a steady deployment of money each year, irrespective of market cycles, stating credibility with investment partners will be enhanced by a quick and consistent approval process for co-investments. He's absolutely right, quick turnarounds are critical to the success of a co-investment program, and the board has to respond in a timely fashion. This is why Canada's large pensions have built successful private equity co-investment programs, they don't always need board approval for every transaction and when they do, they get quick responses. Lastly, I note that in fiscal 2019, CPPIB generated \$32 billion of net income from operations after all costs, incurring operating expenses of \$1,203 million, \$1,586 million in investment management fees paid to external managers, and \$477 million of transaction costs. Think about it, CPPIB has a total of \$392 billion in assets and pays out \$1.59 billion in investment management fees, which is less than what CalSTRS or CalPERS pay out in external management fees (and that's Canadian dollars). The same thing goes for AIMCO, CDPQ, OTPP, OMERS, PSP and BCI. They have all developed co-investment programs to manage the bulk of the assets internally, realizing substantial savings while delivering great long-term results.

SUNSHINE

Sunshine: Vel Singewald: Our Chapter 37 President, Royce Fischer is recovering from an automobile accident. We wish her a speedy recovery.

Lloyd Schultz passed away on July 21, 2019

If anyone knows of a member's illness, or the death of a member, please let me know at email velzpilot@yahoo.com or (530)842-5453

ELECTRONIC MAIL We wish to email the chapter newsletter to as many of our members as possible. You can receive the newsletter via email by letting the newsletter editor or any board member know.

Those that prefer the printed version need take no action & will continue to get it.

If you have moved or changed your address for delivery of this newsletter, please notify:
RPEA Headquarters, 300 T Street, Sacramento, CA 95811-6912 or phone (916) 441-7732

RETIRED PUBLIC EMPLOYEES ASSOC.
CHAPTER 37
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RETURN SERVICE REQUESTED

INVITE A FRIEND



We ask you to help out RPEA and our local chapter. You can help by mentioning to your retired friends, or soon to be retired, about your membership in RPEA and answering any questions they may have. You may invite them to our lunch meeting. Remember, prospective members will enjoy a free meal and have a chance to learn about the mission of RPEA.

RPEA Yreka Chapter 37 Meetings for 2019

Poor George's Restaurant Banquet Room, Corner of Main and Miner Sts, Yreka, CA.

Next meeting dates: November 20