

Retirement System Sustainability

A SECURE FUTURE FOR CALIFORNIA CITIES



Pension Sustainability Principles

(As Adopted by the League of California Cities Board of Directors, June 30, 2017)

- » Public compensation systems programs should be sustainable, fair to taxpayers and employees, and provide long-term financial stability *[Existing Policy placed in new section]*.
- » The League believes that solutions towards realizing pension system sustainability should be the result of inclusive stakeholder collaboration at both the local and state level *(retirees, employees, employers, CalPERS)*.
- » The League supports legal or legislative remedies that facilitate options to restore sustainability to CalPERS benefit plans. As appropriate to each city, such actions could include one or more of the following:
 - A single benefit level for every employee.
 - Converting all currently deemed “Classic” employees to the same provisions (benefits and employee contributions) currently in place for “PEPRA” employees for all future years of service.
 - Temporary modifications to retiree Cost of Living Adjustments (COLA) that are automatically added to a retiree’s pension benefit payment regardless of compensation level or CPI.
- » The League supports expanded flexibility for cities regarding their contract agreements with CalPERS, which could include additional mechanisms for exiting CalPERS and renegotiating UAL amortization terms.

Existing General Pension Principles *(Modified)*

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- » The League supports a change in state law or judicial precedent to allow employers to negotiate plan changes with classic CalPERS members.
- » This League supports legislative solutions to address increasing costs associated with Industrial Disability Retirement (IDR).