

Ballot Simplification Committee - DRAFT for Consideration on Wednesday, March 10, 2010
Retirement Benefit Costs (*working title only, subject to change*)

The Way It Is Now: The San Francisco Employees' Retirement System (SFERS) provides retirement benefits for most retired City employees. The California Public Employees' Retirement System (CalPERS) provides retirement benefits for City employees in certain job classifications.

Retirement benefits for City employees are calculated using a formula that includes the employee's "final compensation," which is the employee's highest compensation for any one year of earnings.

The Charter requires employees to pay a percentage of their salary to SFERS or CalPERS to help pay for retirement benefits they will receive.

- Most city employees pay 7.5%.
- Safety employees such as police officers and firefighters pay 7.5%, even though the retirement benefits they receive cost more than the benefits paid to most City employees.
- Some CalPERS members pay 7.5%, even though the required employee contribution is 9%. The City pays the difference.

The Charter requires the City to contribute to SFERS following a set formula. Under this formula, the employer contribution to SFERS is less in years when there are large investment earnings.

The City has a Retiree Health Care Trust Fund to help pay for costs related to retiree health care. The San Francisco Unified School District and the Community College District are participating employers in this Fund.

The Proposal: Proposition ___ is a Charter Amendment that would change the retirement benefits formula, change the employee contribution for certain employees, and require that certain savings from reduced employer contributions be deposited in the Retiree Health Care Trust Fund.

For employees hired on and after July 1, 2010, "final compensation" would be calculated using a two-year formula. Under this formula, an employee's final compensation would be average compensation during the higher of any two consecutive fiscal years of earnings or the twenty-four months immediately before retirement.

The employee contribution to SFERS or CalPERS would increase for safety employees and CalPERS members:

- Safety employees would pay 9.0% of their salary.
- CalPERS members would pay 9.0% of their salary.

In years when the City's contribution to SFERS is less than expected because of large investment earnings, the amount saved would be deposited into the Retiree Health Care Trust Fund. Participating employers could choose to have this rule apply to them, too.

Proposition ___ would permit the San Francisco Superior Court to choose to become a participating employer in the Retiree Health Care Trust Fund.

A "YES" Vote Means: If you vote "yes," you want to amend the Charter to change the retirement benefits calculation to use average compensation over two years instead of average compensation over one year, increase the employee contribution for safety employees and CalPERS members, and require that certain savings from reduced employer contributions to SFERS be deposited in the Retiree Health Care Trust Fund.

A "NO" Vote Means: If you vote "no," you do not want to make this change to the Charter.