

## **Ballot Simplification Committee**

**FINAL Approved Digest—by: Packard, Fasick, Fraps, Jorgensen, Unruh, 11:34 a.m. Wed., March 10, 2010** (with “housekeeping” revisions on Thursday, March 11, 2010)

**Requests for Reconsideration were due by 12:35 p.m. on Thursday, March 11, 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 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 average monthly compensation for any one year of earnings.

The Charter requires employees to pay a percentage of their compensation 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 9.0%. Because of contractual agreements or Charter requirements, 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 depends partly on the investment earnings of the pension fund.

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 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. An employee's final compensation would be determined by averaging monthly compensation during:

- any two consecutive fiscal years of earnings, or
- the 24 months immediately before retirement.

The final basis for retirement benefits would be the higher of the two figures.

For safety employees and CalPERS members hired on and after July 1, 2010, the employee contribution to SFERS or CalPERS would increase to 9.0% of compensation.

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. The participating employers could choose to have this rule apply to them.

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 calculate retirement benefits for new employees using average monthly compensation over two years instead of average monthly compensation over one year,
- to increase the employee contribution for new safety employees and new CalPERS members, and
- to require that 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 these changes to the Charter.

word count: 483 [suggested word limit: 300]