

Argument in Favor of Measure B

Annual retirement costs skyrocketed from \$73 million to \$245 million over the last decade, causing service cuts throughout the city. The City's share of retirement costs exceeds 50% of payroll, far more than the 6.2% of payroll private employers pay for social security. Retirement costs consume more than 20% of the general fund and are projected by independent actuaries to increase for years. This is unsustainable.

Many city retirees receive more than \$100,000 per year, plus healthcare benefits.

Future generations of taxpayers will have to pay billions of dollars for unfunded liabilities created by the retirement plans.

Measure B would protect retirement benefits already earned by current employees but would reduce the cost to the city by making changes going forward. It would not cut current payments to retirees. It would prohibit spiking of pension benefits.

Current city employees will pay a larger share of the cost of retirement benefits, a step already taken by over 200 California cities. New employees and the city would share the cost of retirement benefits with a 50/50 match in a new lower-cost plan. Over 100 California cities have adopted lower-cost plans for new employees.

City employees are presently paying less than 1/4 of the cost of their retirement benefits. Private sector employees usually pay 1/2 of the cost. Measure B will require current city employees to pay more than 1/3 of the cost of their retirement benefits and new city employees to pay 1/2 of the cost of their retirement benefits.

The City Charter gives the voters the right to change retirement benefits. The city will seek judicial review before changes are implemented to minimize legal disputes.

Mayor Reed, Vice Mayor Nguyen, and Councilmembers Constant, Herrera, Liccardo, and Oliverio support Measure B.

Vote yes on Measure B for pension reform.

www.sanjosefiscalreforms.com

Signatories

Chuck Reed, Mayor of San Jose

Matthew Mahood, President & CEO, San Jose Silicon Valley Chamber of Commerce

John Roeder, President, Santa Clara County Taxpayers Association

Suzanne Salata, San Jose Small Business Owner

Fernando R. Zazueta, Attorney at law