

## Retirement Security Committee - Update

By Mike DeBord, Co-Chair Retirement Security Committee

As we head into 2018, the Retirement Security Committee wanted to give you an update of activities. At the CRCEA Fall 2017 conference, we heard presentations from Amy Brown, CRCEA legislative consultant, and from Ashley Dunning, an attorney who provides legal services to the majority of the 20 County systems governed by the County Employees Retirement Law of 1937. These two professionals made informed presentations on legislative and legal activities as they relate to our pension protections. And while we all continue to see many articles in the press about the increasing cost of public pensions and the problems it creates, **at this time we don't see any specific legal or legislative activities that pose a direct threat to our retirees' pensions.**

This does not say that there will not be future efforts to undermine our pension benefits. **Local and state governments are being seriously impacted by large annual increases in employer contributions necessary to fund their public pensions**, and this situation is projected to worsen for several years. The increases in employer costs are caused by two primary factors. First, the retirement systems have been lowering the annual expected rate of return on their investments, such as from 7.5% to 7.0%. Any reduction in earnings must be offset, typically by higher employer contributions. Second, most public retirement systems are not fully funded today, and increased employer contributions over time will likely be required to close this gap.

The financial pressures on local government due to increasing costs for public pensions are real and often require painful reductions of public services to balance their annual budgets. Our Retirement Security Committee is concerned that as these budget pressures continue to increase, that actions may be attempted that could potentially undermine our retirement benefits. We have already seen actions over the last many years that reduced or eliminated retiree medical subsidies in many Counties (where they were not fully vested) and several State-wide ballot initiative attempts targeting public pensions. And **while California has some of the strongest legal protections of public retirement benefits, we must stay alert to any actions that might impact our CRCEA members.** Our Retirement Security Committee has been very active in addressing a wide variety of issues on behalf of our CRCEA members, as well as supporting retirement security concerns in the private sector. The following is a brief **recap of our Retirement Security Committee efforts.**

- Established the Retirement Security Committee as a **“standing committee” in CRCEA**
- Provided written and oral testimony at the State Capitol, on December 1, 2011, during the hearings that led to the **Governor's Pension Reform Act** (Implemented January 1, 2013)

- Researched, wrote, published and widely distributed two white papers on disturbing trends in U.S. retirement plans, titles: **“Transition to 401(K)--A Train Wreck in the Making, Part I and Part II”** (2012)
- Met with one State Senator and several Members of the Assembly at the State Capitol in August 2012, and provided written and oral testimony during the hearings in support of Senate Bill SB-1234, **“Secure Choice Retirement Savings Act”** that was designed to provide retirement benefits for private sector workers who work for an employer with more than 5 workers (Approved and signed into law by Governor Brown in 2016)
- Wrote a strong letter of concern on August 13, 2014 to the leaders of the U.S. Senate and House, that was co-signed by the Co-Chair of the Retirement Security Committee and the President of CRCEA, to address the impending death spiral of multi-employer pension plans if the provisions of the **Pension Protection Act of 2006** were not continued
- Provided written and oral presentations in both 2015 and 2016 to **combat multiple State-wide Initiative Proposals** that would have undermined California public pensions—we met each time with representatives from the State Department of Finance, State Legislative Analyst’s Office, and the State Attorney General’s Office (The good news is that none of these Initiatives made it to the ballot)
- **Supported, through CRCEA, several class action lawsuits** in individual CRCEA associations that involved potential loss of retirement benefits for its members (such as filing a legal brief in State court in support of retirees’ benefits)
- Made numerous **presentations at the CRCEA conferences and individual associations**
- **Authored many articles for our Associations and CRCEA newsletters** to keep our members up-to-date
- Created and maintained the **Retirement Security Database** accessible at [www.crcea.org](http://www.crcea.org)
- **Supported and participated in many coalitions** focused on public pension issues, a critical element to effectively mobilize efforts against future attacks on public pension benefits

Because of our involvement in these activities, the **Retirement Security Committee now has the background, structure and experience** to help address future concerns that could impact our members’ pension benefits. And while we are not having to deal with any immediate threats to our retirees’ pensions now, we need to continue establishing relationships with public retirement groups and others in each of our Counties so when the time comes to ask for their support and help, they will be ready. And finally, **we very much appreciate all the great support from the CRCEA organization and from all of you as members of CRCEA.**

Mike DeBord and George Shoemaker, Co-Chairs, CRCEA Retirement Security Committee