Our recommendations for consideration in reducing outstanding Pension obligations locally, advocating for State changes and reform, and recognizing the need to relax the California Rule.

A. Improve Accountability
   1. Develop a threshold ratio of pension contributions to covered payroll, beyond which cities/agencies will not pay.
   2. Change composition of CalPERS Board to include taxpayer presence and an impartial actuary; require financial education and/or experience.
   3. Implement transparency in salary/benefit negotiations and make available to public prior to adoption of contractual terms, i.e. eliminate closed-session contract negotiations.
   4. Report Gross Liabilities (not net liabilities) and assets on CAFRs.

B. Improve Responsibility
   1. Set aside additional funds in a protected fund in addition to paying CalPERS annual contributions (Do not prepay CalPERS).
   2. Establish and implement a 115 Irrevocable Supplemental Trust.
   3. Refinance debt to take advantage of low interest rates.
   4. Provide Full and timely disclosure (ballot measures, proposals, contract negotiations).
   5. Require more timely CalPERS reports (approximately 9 months, in time for City budget planning).
   6. Engage Labor to participate in solving Unfunded Liability or adopting a portion of UAAL.
   7. Establish a method for employees to share in market risk.
   8. Increase Employee Contribution Percentages to 50% of TOTAL PENSION CONTRIBUTION (not just “normal contribution”) without a corresponding increase in salary or city/agency offset.
   9. Create a Pension Task Force to further identify pension remedial options.

C. Strengthen Viability and Affordability
   1. Employers pay no more than 50% of Total pension contribution (Employees should contribute half of both normal cost and unfunded liability amortization. By asking employees to take on the UAAL payments, they are sharing in the investment risk and have a stronger incentive to monitor system investments and assumptions).
2. If actuarially required pension contributions exceed a designated threshold - such as 10% of Total Revenue or 15% of General Fund Revenue – the City/Agency should form a pension task force with labor participation.
3. Set cap on the dollar amount of pension payments.
4. Raise minimum age required to begin drawing pension benefits.
5. Raise minimum years for vesting
6. Change/increase Retirement formulas
7. Change from a Defined Benefit Plan to a Defined Contribution or Hybrid Plan. Offer new miscellaneous employees a Defined Contribution plan only. Offer new safety employees, hybrid plans only. Offer current employee the option to replace a portion of their defined benefit with a defined contribution plan.
8. Adopt COLA not to exceed amount set annually by Social Security Administration.
9. Mandate that pay increases after 2017 be non-pensionable for vested employees until UAAL is brought current.
10. Examine Sale of capital assets and direct a portion of any sale to paying down pension obligation.
11. Impose a temporary surcharge on total annual pensions exceeding $100K.
12. Adopt a policy that participants beyond 75th percentile of pension benefits must always share in market losses.
13. Temporarily eliminate COLA for higher income pensions over a set amount during times when there are unfunded obligations.
14. Agencies should plan for and prioritize reductions in employees and/or services; such plans should be published prior to any implementation.

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