

4/7/09 FYE

D. Blair

CITY of SAN DIEGO  
MEMORANDUM

CONTRIBUTE 6.65%

3% MANDATORY

3.65 VOLUNTARY

BENEFICIARY  
WIFE KAREN

FILE NO.:

DATE : December 18, 1981

TO : All City Employees paying into Social Security

FROM : City Manager

SUBJECT: Update on Social Security Withdrawal and Implementation of Supplemental Pension Plan

On December 15, 1981, after receiving the results of the vote in which 67% of the employees voted to withdraw from Social Security, the City Council took the actions necessary to implement the Supplemental Pension Plan effective January 8, 1982. The purpose of this memorandum is to let you know what to expect in the next few weeks and how paychecks will be affected.

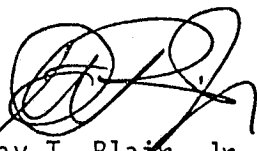
First, paychecks received January 15 cover the period December 25, 1981, through January 7, 1982. There will be a slight increase in that paycheck because Social Security taxes will be deducted only for December 25 through December 31 and no deductions for the new plan will be in effect yet.

Second, paychecks received January 29 cover the period January 8 through January 21. That paycheck will reflect deductions effective January 8 for the Supplemental Pension Plan mandatory 3% contribution and any voluntary contribution you elect. The City's matching contribution for both the mandatory and voluntary contributions will also be effective January 8.

Third, the first week in January you will receive instructions and forms for designating the beneficiary of your Supplemental Pension Plan and for authorizing voluntary contributions to the Supplemental Pension Plan. You may make voluntary contributions of any percent from zero up to a maximum of 3.65% of salary. The deadline for submitting these forms will be January 21 (the end of the pay period) with a retroactive effective date of January 8 (the beginning of the pay period). Since time is short, you should be thinking now of who you wish to name as your beneficiary and what voluntary contribution you may wish to make.

The vote to delete the Social Security factor in the existing retirement system formula will improve retirement benefits and will result in a slight increase in employee and employer retirement contributions. This change will be reflected in paychecks received January 29. You are also reminded that employees retiring on or after January 8, 1982, will have City-paid health insurance.

Also, City employees now have the opportunity to increase their life insurance at favorable group rates thereby providing additional survivor benefits for their families.

  
Ray T. Blair, Jr.  
City Manager

# CITY EMPLOYEES' RETIREMENT SYSTEM

## GENERAL MEMBERS' RETIREMENT CONTRIBUTION RATES

TO: ALL GENERAL MEMBERS OF THE CITY EMPLOYEES' RETIREMENT SYSTEM

As all General Members of the Retirement System are aware, you recently approved withdrawal from participation in the Social Security Program effective January 1, 1982. You further approved a retirement allowance based on a 1/60th final compensation formula to replace the 1/90th - 1/60th formula that presently exists.

The elimination of the 1/90th portion of the retirement formula will result in members receiving a greater retirement benefit for all service occurring after January 1, 1982. This will require that the contribution rates be based solely on the 1/60th formula and will result in the following General Member contribution rates with the pay period beginning January 22, 1982.

### Contribution Rates as of January 22, 1982\*

<u>Age</u>	<u>"B" Rate</u>	<u>Age</u>	<u>"B" Rate</u>
16	7.03%	37	8.80%
17	7.03%	38	8.91%
18	7.03%	39	9.02%
19	7.03%	40	9.14%
20	7.03%	41	9.25%
21	7.13%	42	9.37%
22	7.22%	43	9.49%
23	7.32%	44	9.61%
24	7.42%	45	9.73%
25	7.52%	46	9.85%
26	7.62%	47	9.97%
27	7.72%	48	10.10%
28	7.83%	49	10.22%
29	7.93%	50	10.35%
30	8.03%	51	10.47%
31	8.14%	52	10.60%
32	8.25%	53	10.73%
33	8.35%	54	10.86%
34	8.46%	55	11.00%
35	8.57%	56	11.14%
36	8.68%	57	11.32%

A few examples in the change in contribution rates and benefit increase for service occurring after January, 1982 follows:

### Member Retirement Contributions

Age 20 - Biweekly Salary	\$377.60	Age 30 - Biweekly Salary	\$716.80
New biweekly deduction will be increased:	4.30	New biweekly deduction will be increased:	4.91
Age 25 - Biweekly Salary	\$544.40	Age 40 - Biweekly Salary	\$844.00
New biweekly deduction will be increased:	4.62	New biweekly deduction will be increased:	5.61

\*These rates do not include the 4 1/2% retirement offset for classified employees nor the 2 1/2% retirement offset for unclassified employees.

2/9/07 from Ken Nobel  
SS. Pull out ordinance

RESOLUTION NUMBER R-255320

Adopted on November 2, 1981

WHEREAS, The City of San Diego has given notice to the State of California of its intention to withdraw from the Social Security System; and

WHEREAS, the City must make a final decision on its notice of intention to withdraw prior to December 31, 1981; and

WHEREAS, prior to any terminal action, an election among affected employees is required to determine whether a majority wish to withdraw; and

WHEREAS, if a majority of those employees voting wish to withdraw, it is intended that a variety of in-lieu benefit options be established and made available to those employees to include (1) increased take-home pay by retaining dollars they now contribute to Social Security; (2) increase participation in deferred compensation; (3) participation in a Money Purchase Plan; and (4) participation in a tax-free Individual Retirement Account (IRA); and

WHEREAS, it is further intended as an in-lieu benefit to amend the Retirement System for future retirees to provide medical insurance on the same basis as is provided to City employees; NOW, THEREFORE,

BE IT RESOLVED, by The Council of The City of San Diego that the City Manager, City Clerk and Retirement Officer be and they are hereby directed to conduct an election of affected employees at the earliest possible date to determine whether those employees wish to continue to participate in or withdraw from the Social Security Program.

BE IT FURTHER RESOLVED that should a majority of those affected employees voting elect to withdraw from the Social Security System, the City Manager, Auditor and Comptroller, Retirement Officer and City Attorney be and they are hereby directed to formulate, and make available to those employees as in-lieu benefits, those options recited above.

APPROVED: John W. Witt, City Attorney

By Jack Katz Chief Deputy City Attorney

JK:mmm

10/14/81

Or.Dept:Mgr.

RESOLUTION NUMBER R-255609

Adopted on January 4, 1982

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
SAN DIEGO ESTABLISHING A CITY OF SAN DIEGO  
SUPPLEMENTAL PENSION SAVINGS PLAN FOR ELIGIBLE  
EMPLOYEES OF SAID CITY

WHEREAS, the City Council of The City of San Diego has directed that the City withdraw from participation in the Social Security System effective January 1, 1982; and

WHEREAS, the City has declared that certain benefits shall be provided to employees in lieu of social security participation; and

WHEREAS, included in the benefits so indicated is a Supplemental Pension Savings Plan for all affected employees, to be effective after withdrawal from Social Security; and

WHEREAS, it is the intent of this Council to provide such Savings Plan as a permanent benefit for eligible employees, the conditions of which may only be amended by a vote of said eligible participants; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, as follows:

1. That the final plan statement for the City of San Diego Supplemental Pension Savings Plan, as set forth in Attachment A hereto, which by this reference is fully incorporated herein, be and the same is hereby approved and adopted.

2. That the City Manager be, and he is hereby authorized to establish a Supplemental Pension Savings Plan (herein called "Plan") for eligible employees of The City of San Diego, with terms and conditions of the Plan in accordance with the Plan appended as Attachment B, a copy of which is on file in the office of the City Clerk as Document No. RR-255609.

3. That the provisions of the Plan shall be effective and in full force on January 8, 1982.

APPROVED: John W. Witt, City Attorney

By Jack Katz Chief Deputy City Attorney

JK:mmm

12/23/81 (Rev. 1/4/82)

Or.Dept:Mgr.

R-82-1069

Form:r.none

RESOLUTION NUMBER R-255610

Adopted on January 4, 1982

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
SAN DIEGO ESTABLISHING A CITY-SPONSORED GROUP  
HEALTH INSURANCE PLAN FOR ELIGIBLE RETIREES OF  
THE CITY.

WHEREAS, the City Council of The City of San Diego has directed that the City withdraw from participation in the Social Security System effective January 1, 1982; and

WHEREAS, the City has declared that certain benefits shall be provided to employees in lieu of Social Security participation; and

WHEREAS, included in the benefits so indicated is a program for City-sponsored group health insurance for eligible retirees of the City; and

WHEREAS, funds have been allocated for the payment of group health premiums for those eligible retirees; and

WHEREAS, it is the intent of this Council to provide such coverage as a permanent benefit for eligible retirees; NOW, THEREFORE,

BE IT RESOLVED, by the Council of The City of San Diego, as follows:

1. That the City Manager be and he is hereby authorized to establish a City-Sponsored Group Health Insurance Plan for eligible retirees, providing the same choice of program coverage as is offered active employees of the City.

2. That the City Manager is hereby authorized to cause premiums for said insurance to be paid out of the City-Sponsored Retiree Health Insurance Plan Fund.

3. That the program of City-Sponsored Retiree Health Insurance shall be made available to eligible retirees, commencing January 8, 1982.

4. That eligibility of retirees for participation in this program of City-Sponsored Group Health Insurance shall be pursuant to that criteria set forth in "Attachment A" hereto, entitled "Retiree Eligibility Criteria for City-Sponsored Group Health Insurance."

5. That the City Attorney be and he is hereby directed to prepare, to be effective as of July 1, 1982, an amendment to the retirement ordinances of the San Diego Municipal Code, to include within the retirement system ordinances provision for the City-Sponsored Group Health Insurance Program for eligible retirees and premium payments thereof.

APPROVED: John W. Witt, City Attorney

By Jack Katz Chief Deputy City Attorney

JK:rc:352

12/22/81

Or.Dept:Mgr.

r-82-1070

Form=r.none



ORDINANCE NUMBER O-15758 (New Series)

Adopted on June 1, 1982

AN ORDINANCE AMENDING CHAPTER II, ARTICLE 4 OF THE SAN DIEGO MUNICIPAL CODE BY AMENDING SECTION 24.0907.1 AND ADDING SECTION 24.0907.2 RELATING TO CITY SPONSORED GROUP HEALTH INSURANCE FOR ELIGIBLE RETIREES.

WHEREAS, The City of San Diego has withdrawn from participation in the Social Security System effective January 1, 1982; and

WHEREAS, the City has declared that certain benefits shall be provided to employees in lieu of Social Security participation; and

WHEREAS, included in the benefits so indicated is a program for City-sponsored group health insurance for eligible retirees of the City as set forth in Resolution No. R-255610, dated January 4, 1982 and Attachment A thereto; and

WHEREAS, it was the intent of the Council to provide such coverage as a permanent benefit for eligible retirees; and

WHEREAS, it was also directed by the City Council that premiums for said City-sponsored group health insurance be paid from and subsequent to July 1, 1982 by the City from the City's share of Surplus Undistributed Earnings; and

WHEREAS, concurrent with such Council direction, the City Attorney was directed to amend the retirement ordinances as necessary to accomplish said objective; NOW, THEREFORE,

BE IT ORDAINED, by the Council of The City of San Diego, as follows:

Section 1. That Chapter II, Article 4, of the San Diego Municipal Code be and the same is hereby amended by amending Section 24.0907.1 to read as follows:

Section 24.0907.1 SURPLUS UNDISTRIBUTED EARNINGS

At the beginning of each fiscal year the Board shall determine the Surplus Undistributed Earnings of the System and shall provide for the distribution of same as follows:

Fifty percent (50%) of such amount shall be credited to the Reserve for Employer Contributions for the sole and exclusive purpose of reducing the System's liabilities except as otherwise provided in Section 24.0907.2 relating to City-sponsored Retiree Group Health Plan payments; fifty percent (50%) shall be credited to an account to provide monies to pay annual supplemental benefits to Qualified Retirees. Sums transferred to the Reserve for Employer Contributions shall be credited to the accounts of the City and its contracting agencies in the same proportion as the employer reserves for their active and retired members bears to the total of all employer reserves for all active and retired members on the preceding June 30. If, at the time of the annual determination, the amount provided for the supplemental benefits is less than \$100,000, no supplemental benefits will be paid in that fiscal year and the monies will be placed in a special reserve and be carried forward to ensuing years until such time as the amount to be provided for this benefit from ensuing Surplus Undistributed Earnings and the special reserve is \$100,000 or more.

Surplus Undistributed Earnings shall be comprised of investment earnings received for the previous fiscal year, as defined below, less:

(1) an amount sufficient to credit interest to the contribution accounts of the members, City, and the Unified Port District at an interest rate determined by the Board and distributed in accordance with Section 24.0905 and related Board rules;

(2) an amount sufficient to meet the budgeted expenses and costs of operating the System, including all personnel and services for the fiscal year; and

(3) an amount necessary to maintain such reserves for contingencies as the Board deems appropriate on advice of its investment counselor.

Investment earnings received shall include, by way of example but not limited to, all interest received (net of

interest purchased) on notes, bonds, mortgages, short-term money market instruments, and savings accounts; cash dividends received on stock investments; and all realized gains and losses from the sale, trade or conversion of any investments. It is the intent of this section that investment earnings for the purpose of distributing annual supplemental benefits to Qualified Retirees shall be determined on a cash basis, except that investment earnings shall be increased or decreased by the amount of the annual amortization of purchase discounts or premiums on interest-bearing investments earned in accordance with generally accepted accounting principles for financial reporting purposes. No subsequent changes in the method of accounting for the System shall affect the determination of investment earnings received. Surplus Undistributed Earnings shall be determined by the City Auditor and Comptroller in accordance with the definitions of this section and shall be certified by the City's independent public accountant.

Section 2. That Chapter II, Article 4, of the San Diego Municipal Code be and the same is hereby amended by adding Section 24.0907.2, entitled "City-Sponsored Group Health Insurance for Eligible Retirees," to read as follows:

Section 24.0907.2 CITY SPONSORED GROUP HEALTH  
INSURANCE FOR ELIGIBLE RETIREES.

From and after January 8, 1982, The City of San Diego shall provide a City-sponsored Group Health Insurance Program for all eligible retirees. Eligibility for retiree participation in the Program shall be as follows:

(a) The plan shall be limited to:

1. All employees eligible for general membership in the City's Retirement System, or
2. Legislative officers, or
3. Safety members covered by Social Security coverage as of December 31, 1981.

(b) Employee must be on the active payroll of The City of San Diego on or after January 1, 1982, and

(c) Employee must be eligible for and receive a

retirement allowance from The City of San Diego, and

(d) Employee must retire on or after January 8, 1982.

Retiree premiums shall be paid by the City from those funds to be credited to the Reserve for Employer Contributions from Surplus Undistributed Earnings as provided in Section 24.0907.1 above. The Auditor and Comptroller shall set aside from such account an amount sufficient to pay premiums as required. Premium rates for eligible retirees shall be determined and established by the City. Health plan coverage for retirees and eligible dependents is subject to modification by the City and the provider of health care services, and may be modified periodically as deemed necessary and appropriate.

Eligible retirees may elect to continue group health insurance coverage for eligible dependents at their own expense. Premium rates for such dependent coverage shall be determined and established by the City.

Section 3. This ordinance shall take effect and be in force on the thirtieth day from and after its passage.

APPROVED: John W. Witt, City Attorney

By Jack Katz Chief Deputy City Attorney

JK:smm

:351

5/6/82

O-82-228

Or.Dept:Clerk

Form=r.none

ORDINANCE NUMBER O-15653 (New Series)

Adopted on January 18, 1982

AN ORDINANCE AMENDING CHAPTER II, ARTICLE 4, OF THE SAN DIEGO MUNICIPAL CODE BY AMENDING SECTIONS 24.0104 AND 24.0402 RELATING TO WITHDRAWAL FROM SOCIAL SECURITY AND COMPUTATION OF RETIREMENT ALLOWANCES; ADDING NEW SECTIONS 24.0104.1, 24.0201.1, 24.0202.1 AND 24.0608.1, ALL RELATED TO WITHDRAWAL FROM AND CONTRIBUTIONS AFTER WITHDRAWAL FROM SOCIAL SECURITY; REPEALING SECTION 24.0802 RELATING TO SOCIAL SECURITY PAYMENTS.

WHEREAS, the City Council of The City of San Diego has directed that the City withdraw from participation in the Social Security System effective January 1, 1982; and

WHEREAS, the City has declared that certain benefits shall be provided to employees in lieu of social security participation; and

WHEREAS, included in the benefits so indicated are programs for City-sponsored group health insurance for retirees and a savings plan for all affected employees, to be effective after withdrawal from Social Security; and

WHEREAS, it is the intention of the City Council to appropriately promulgate those benefits by separate legislative action and, where necessary and, at an appropriate time, reflect those benefits by amendment to the retirement ordinances of the City; and

WHEREAS, certain changes to the retirement ordinances are presently required to reflect the withdrawal from Social Security and concomitant provisions relating thereto; NOW, THEREFORE,

BE IT ORDAINED, by the Council of The City of San Diego, as follows:

Section 1. That Chapter II, Article 4, of the San Diego Municipal Code be and the same is hereby amended by amending sections 24.0104 and 24.0402 to

read as follows:

## Section 24.0104 SOCIAL SECURITY INTEGRATION

### AND DEFINITIONS

Unless the context otherwise requires, the definitions and general provisions contained in this section govern the construction of this ordinance.

a. "Integration Date" shall be the first day of the calendar month following or coincident with the effective date of the agreement with the appropriate State Agency to extend Social Security coverage to eligible members of this system.

b. "Social Security Compensation" means:

During the period between January 1, 1956 and June 30, 1967, the member's monthly compensation earnable not in excess of 1/12th the statutory maximum limit of annual remuneration subject to tax (for Social Security benefits) under the terms of the Federal Insurance Contributions Act or statutes amending or superseding such Act; and

Subsequent to July 1, 1967, the member's monthly compensation earnable not in excess of \$400 per month.

c. "Eligible Safety Member" means a safety member eligible for Social Security coverage.

d. "Basic Final Compensation" means the average of the member's Social Security Compensation after the integration date and while he was a member of this system.

e. "Excess Final Compensation" shall mean the difference between Final Compensation and Basic Final Compensation, if Final Compensation is the greater, if not, then Excess Final Compensation shall be zero.

f. "Withdrawal Date" shall mean December 31, 1981, the date that Social Security coverage was terminated for all City of San Diego officer and employee members of this system.

Section 24.0402 RETIREMENT ALLOWANCE -

GENERAL MEMBER

a. The Board of Administration shall provide that upon retirement for service, a member, other than a safety member, is entitled to receive a retirement allowance which shall consist of:

(1) A service retirement annuity.

(2) A current service pension.

b. The service retirement annuity is an annuity which is the actuarial equivalent of the member's accumulated normal contributions at the time of said member's retirement.

c. The current service pension is the pension derived from the contributions of the City, sufficient, when added to the service retirement annuity that is derived from the accumulated normal contributions of the member at the date of retirement, to equal the fraction set forth in the following table opposite the member's age at retirement taken to the preceding completed quarter year multiplied by the sum of:

(i) 1/60th of final compensation	multiplied
by the number of years, and fractions	thereof, of
current service prior to the integration	date, plus

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(ii) 1/90th of final basic compensation, multiplied by the number of years, and fractions thereof, of current service subsequent to the integration date, plus

(iii) 1/60th of final excess compensation multiplied by the number of years, and fractions thereof, of current service subsequent to the integration date.

d. The current service pension for all City of San Diego employee members, except safety members, subsequent to January 1, 1982, shall be calculated as described in subsection c. above, multiplied by the sum of:

(i) 1/60th of final compensation multiplied by the number of years, and fractions thereof, of current service prior to the integration date, plus

(ii) 1/90th of final basic compensation, multiplied by the number of years, and fractions thereof, of current service subsequent to the integration date through the withdrawal date, plus

(iii) 1/60th of final excess compensation multiplied by the number of years, and fractions thereof, of current service subsequent to the integration date, plus

(iv) 1/60th of final compensation multiplied by the number of years, and fractions thereof, of current service subsequent to the withdrawal date.

Section 2. That chapter II, article 4, of the San Diego Municipal Code be and the same is hereby amended by adding new sections 24.0104.1, 24.0201.1, 24.0202.1 and 24.0608.1 to read as follows:

#### Section 24.0104.1 APPLICATION OF SOCIAL SECURITY

##### PROVISIONS AFTER WITHDRAWAL -

##### CITY EMPLOYEES.

The provisions of section 24.0104 a. through e. above shall be inapplicable to all officers and



employees hired by The City of San Diego on or after January 1, 1982. For officers and employees of The City of San Diego hired prior to January 1, 1982, the above provisions shall apply for that period of Social Security coverage prior to January 1, 1982.

Subsequent to the withdrawal date, all provisions for social security integration shall be inapplicable to such employees except for the prior period of vesting.

#### Section 24.0201.1 CONTRIBUTION OF GENERAL MEMBERS

##### AFTER WITHDRAWAL FROM SOCIAL SECURITY

After the Withdrawal Date, the Board of Administration shall provide:

a. The normal rates of contribution for all City of San Diego Employee members, except safety members, shall be based on age as of July 1, 1954, or thereafter at the nearest birthday at the time of entrance into the system.

b. The normal rates of contribution for each City of San Diego employee, except safety members, shall be such as will provide an average annuity at age 57 1/2 equal to 1/120th of such members final compensation, according to the tables adopted by the Board of Administration for each year of service rendered after January 1, 1982.

#### Section 24.0202.1 GENERAL MEMBERS' CONTRIBUTIONS

##### AFTER WITHDRAWAL DATE.

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Subsequent to January 1, 1982, the Board of Administration, based upon the advice of the Actuary, shall periodically adopt the normal rate of contribution of each City of San Diego general member applicable to compensation earnable according to age

at the time of entry into the Retirement System. This rate shall be contained in the Operating Tables furnished to the Board of Administration by the system's actuary.

#### Section 24.0608.1 SOCIAL SECURITY INTEGRATED OPTION

##### AFTER WITHDRAWAL DATE

Notwithstanding the "Withdrawal Date" definition set forth in section 24.0104 f, all City of San Diego employee members of the system who meet the requirements prescribed for the Social Security Integrated Option set forth in section 24.0608 will, subsequent to the withdrawal date, continue to be eligible for that option.

Section 3. That chapter II, article 4, of the San Diego Municipal Code be and the same is hereby amended by repealing section 24.0802.

Section 4. In the event that participation in the Social Security system is mandated upon members of this system by federal legislation after January 1, 1982, the provisions of this ordinance shall be deemed nul and void. Upon such occurrence, the City Attorney is directed to promulgate amendments to the Municipal Code, as may be appropriate and necessary, to rescind the amendatory actions contained herein.

APPROVED: John W. Witt, City Attorney

By Jack Katz Chief Deputy City Attorney

JK:mmm

10/23/81

Or.Dept:Mgr.

o-82-115

Form=o.none

## **CITY OF SAN DIEGO**

### ***Frequently Asked Questions Retirement Benefits***

Revised September 21, 2005  
Final

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**1. Is my DROP money safe or should I take it out of SDCERS before the courts rule or the City goes bankrupt?**

Deferred Retirement Option Program or DROP money, like all contributions to the San Diego Employee Retirement System (SDCERS) is secure. In fact, all contributions and DROP monies in the Trust Fund are currently bringing in returns above the 8% interest rate that the Fund is paying out. In the event of bankruptcy, the City may still be responsible for paying what is owed to SDCERS on top of extraordinary legal, accounting and other consultant expenses. Add in the fact that the City may have too many assets currently to even qualify for bankruptcy and the likelihood of such an act seems remote at best.

**2. How do the City's pension benefits compare to other agencies in San Diego County?**

They're better than some and not as good as others. For example, if you worked for the County of San Diego, General members can retire with 20 years of service at age 50 with a retirement factor of 2% per year of service, 55 @ 2.5% and 3% @ 60. The cities of Chula Vista, National City, El Cajon and Coronado also have 3% @ 60. With the City, General members aren't eligible to retire until age 55 with 20 years of service @ 2.5%. At age 60 the factor increases to 2.55% and goes up each year after to a maximum of 2.8% for 65 and older. Safety members for both County and City employees (as well as most, if not all other agencies) can retire at age 50 with 3% per year. The factor doesn't increase with age.

**3. Is retiree health insurance a vested benefit or can it be taken away?**

Retiree health is not a vested defined benefit as is the core pension benefit. However, back in 1981 City employees voted to opt out of Social Security. As part of that agreement they would receive City paid retiree health insurance for their lifetime. The retiree health benefit has changed a few times since 1981 and is subject to additional changes in future negotiations with the labor organizations. For employees hired before July 1, 2005 the benefit is currently a set dollar amount that the City will pay on behalf of the retiree. This amount increases each year based on the medical consumer price index with a cap of 10% per year.

In the labor negotiations held in Spring 2005 the City agreed to meet and confer on the creation of a defined contribution plan for employees hired after July 1, 2005. The level of contribution and details of this plan will be the subject of future negotiations.

**4. What are my retirement benefits and can they really be rolled back without agreement by the employees through labor negotiations?**

Employees have a defined pension benefit (2.5% at age 55 for general members or 3% at age 50 for safety members) which is a vested benefit. SDCERS has filed a declaratory relief action with the courts to determine the legality of past benefit increases. The City Attorney has filed a similar action as part of a cross-complaint response to a separate SDCERS legal action. There is no legal basis for rolling back benefits without a legitimate court ruling on the subject. If a court determines the past benefit increases were the result of past illegal acts, the consequence of this is unclear. Absent a court ruling otherwise, pension benefits are individually vested.

Additional retirement benefits include retiree health, DROP and Purchase of Service Credits. These are contractual benefits and may be subject to change through the labor negotiation process. Changes to these benefits could impact future, current and retired City employees.

**5. Wasn't there a legal action and settlement (Corbett) that increased the retirement benefits in 2000?**

Yes. The Notice of Proposed Settlement of Class Action filed on April 4, 2000 in the Superior Court of the State of California increased the Retirement Calculation Factor for Safety members from 2.5% (2.2% for Lifeguard) at age 50 to 3.0% at age 50 and all subsequent years and General members from 2.0% at age 55 (stepping up to 2.55% at age 65 and all subsequent years) to 2.25% (stepping up to 2.55% at age 65+). If you choose to use the Retirement Calculation Factors in effect on June 30, 2000, your retirement benefit will be increased by 10%.