

1 [Opposing the Assembly Constitutional Amendment Bill 5.]

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3 **Resolution opposing Assembly Constitutional Amendment Bill 5, regarding benefit**
4 **plans for union workers.**

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6 WHEREAS, Defined benefit pensions offered to employees of the City and County of
7 San Francisco (by the San Francisco Employee Retirement System and the California Public
8 Employee Retirement System) provide security and dignity after retirement with a guaranteed
9 pension for those who have dedicated decades to public service; and,

10 WHEREAS, Defined contribution plans unnecessarily expose workers to investment
11 and interest rate risks, putting all of their retirement savings at risk; and,

12 WHEREAS, Defined benefit plans provide supplemental benefits, including disability,
13 cost of living adjustments, and death benefits, while defined contribution plans provide no
14 such benefit; and,

15 WHEREAS, Studies performed by the Nebraska Retirement Systems and the Colorado
16 Public Employees Retirement Association, as well as other studies performed by academic
17 experts, have concluded after due examination that defined contribution plans cannot be
18 expected to provide adequate retirement benefits, and that participants will not benefit from
19 the introduction of defined contribution plans; and,

20 WHEREAS, The people of the City and County of San Francisco, by their Charter, and
21 granted to them by the home rule provisions of the California Constitution, have determined to
22 offer and extend and enhance defined benefits to public employees; and,

23 WHEREAS, Assemblyman Keith Richman has introduced a proposed Assembly
24 Constitutional Amendment (ACA 5) that would prohibit, after July 1, 2007, all newly hired
25 public employees from enrolling in a defined benefit pension plan and would instead mandate

1 their enrollment in a third party administered defined contribution plan named the California
2 Public Employee Defined Contribution Plan; and,

3 WHEREAS, ACA 5 proposes to pre-empt the ability of the people in Charter cities and
4 counties from their ability to confer defined benefit retirement plans; and,

5 WHEREAS, The effort to convert defined benefit pensions to defined contribution plans
6 is part of a concerted national attack on retirement security and the social safety net, including
7 efforts to privatize Social Security; now, therefore, be it

8 RESOLVED, That the City and County of San Francisco is opposed in principle to the
9 replacement of defined benefit plans with defined contribution plans as the core retirement
10 benefit of its employees, whether that replacement takes the form of mandatory or optional
11 conversion, and will take all appropriate action with the legislature, other local governments,
12 and the general public to actively oppose such conversion efforts, including registering our
13 strong opposition to Assembly Constitutional Amendment 5.

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