



Seven Pension Myths To Know

Myth #1: Public safety pensions are extremely generous and are bankrupting local governments.

Fact: Wall Street failures, corporate abuses and the burst of the housing bubble are to blame for California's struggling economy. We are witnessing the worst economy in our lifetime. Public safety members throughout California are working together, proactively offering concessions and working to help local governments manage their budgets.

The spiking you have heard about is unacceptable. The truth is, very few public employees receive pensions above \$100,000; less than one percent.

Myth #2: Public safety officers are greedy and unwilling to help cities and counties out of this financial mess.

Fact: The average month of service retirement to ALL CalPERS retirees is only \$2,101 per month. In fact, 78 percent of all service retirees receive \$36,000 or less per year. Most law enforcement officers work on the front lines, putting their well-being in jeopardy every day. It is not an easy job or one without risk. In these days of dangerous technology and weaponry, it is increasingly difficult to find individuals willing to take those risks.

In trying to solve this problem, public safety members have been and continue to work proactively. Associations are constantly at the bargaining table, offering concessions such as deferment of pay increases, additional shared responsibility for health and retirement benefits, and even reduced special program staffing.

Myth #3: Public safety members retire young but receive the same lofty pension they would have if they worked twenty years.

Fact: The average public safety retiree is 56 years of age and has worked more than 20 years for the state of California. To receive the maximum retirement benefits, an officer has to work over 30 years. The current retirement formula encourages officers to work as long as they possibly can in order to receive the maximum retirement benefit. In reality, only 1% of public safety members actually qualify for this benefit level. Many officers struggle in dealing with their injuries as they get further along in their career.

Myth #4: Municipalities are paying more for pensions than ever before.

Fact: California's pension funds were almost fully funded until the recent stock market crash. Employer contributions to pension plans are lower today than they were in the early 1980s, and the funded status of plans is better than in the early 1980s. Between October 9, 2007 – the peak of the market – and October 9, 2008, equities declined by 42 percent. State and local defined benefit plans, which held roughly 70 percent of their assets in equities, saw a decline in the value of their equities by \$1 trillion.



Myth #5: Public safety members are fortunate in that they don't pay into Social Security like other Californians do.

Fact: Many public safety members do pay into Social Security but do not receive full Social Security benefits upon retirement. This means that when an officer retires, their pension may be their sole source of income. This often leads to officers needing to find work during retirement to supplement their income.

Myth #6: Taxpayers are responsible for paying the entire cost of public employee pensions.

Fact: Pension funding comes from member contributions, employer contributions and income earned from investments. All of this combined pays for benefits and administrative expenses. When all is tallied, investment earnings on average cover almost 75% of public safety pensions.

Myth #7: Police and firefighters retire at age 50 with 90 percent of pay.

Fact: CalPERS indicates that over the last seven years, safety workers who retired at age 50 with 30 years of service represented 1 percent of all those retired. The reason very few ever receive this level of retirement pension is that they would have had to start working age 20 to earn 30 years. Most public safety members start their careers at age 27, 28, or 29.

Twelve percent of all public safety members are subject to the 3 percent at age 55 formula. They would need 37.5 years of service at age 50 to get 90 percent, and would have had to start working at age 12.5. Seven percent of all public agency safety members are subject to the 2 percent at age 50 formula. They would need to have 45 years of service at age 50 to get 90 percent and would have had to start working at age 5.