FACT SHEET
Alternative Pension Reform Settlement Frameworks

The alternative pension reform settlement frameworks negotiated between the City of San José and its employee bargaining units meets three vital objectives:

1. Generates significant savings for San Jose taxpayers.
2. Creates a fiscally sustainable retirement system.
3. Improves recruitment and retention by providing competitive compensation.

This framework will save San Jose taxpayers approximately $3.12 billion over the next 30 years:

	Police & Fire	Federated	TOTAL
Tier 2 Savings	$1,152 million	$941 million	$2,093 million
Retiree Healthcare	$244 million	$249.9 million	$493.9 million
Eliminate "Bonus Checks"[1]	$276 million	$258 million	$534 million
TOTALS	**$1.67 billion**	**$1.45 billion**	**$3.12 billion**

This framework generates these savings in 3 ways:

1. **Tier 2 Savings:** The framework establishes a new set of lower-cost pension benefits for future civilian employees and those employees hired since September 2012. These benefits are comparable to those provided in other California jurisdictions, but have a significantly lower cost relative to pre-Measure B pensions.

2. **Retiree Healthcare:** San Jose taxpayers will no longer pay for retiree healthcare for new civilian employees by closing the existing defined-benefit retiree healthcare plan and replacing it with an optional defined-contribution account that can be used for future healthcare expenses. Current employees would have the option to opt-in to this benefit as well.

3. **Eliminate SRBR "Bonus Checks":** The framework eliminates the "bonus checks" (via the Supplemental Retirement Benefit Reserve) that retirees received when market returns exceeded expectations.

View the framework covering sworn police and fire employees – agreed upon July 15, 2015
View the framework covering non-public safety (civilian) employees – agreed upon in December 4, 2015.

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[1] SRBR savings were calculated using All Funds numbers and assumed actuarial assumptions, earnings, and costs would remain the same over 30 years. However, actual savings would likely be different year-to-year.