

POSTSCRIPTS

News of the CSU East Bay Hayward Emeritus and Retired Faculty Association
Almost Spring 2011

Board of Directors

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Spring Luncheon

Guest Speaker Nan Maxwell, Professor Emerita of Economics

Date: **Tuesday, March 29, 2011**

Time: Gather starting at **11:30**, social hour of **45 minutes**, sit down **12:15**

Place: Dino's at 3600 Castro Valley Blvd., Castro Valley

All lunches are \$20, in cash or by check, paid when you arrive at Dino's. Checks are payable to **Helen Sowers**, our treasurer. Lunches include food, gratuity, tax, coffee, tea, tossed green salad with Italian dressing, vegetable, etc.

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use a much lower rate in order to protect the **Pension Benefit Guaranty Corporation (PBGC)** from plan failures. Some economists hold that public plans should use a risk-free rate of about 4%. That would greatly increase ARC. Companies go out of business. Governments do not.

The second complaint often heard is the relative generosity of public pension benefits, compared to the private sector. Traditional employer-provided defined-benefit pension plans in the private sector are all but gone. They have been replaced by 401(k) and cash-balance plans that shift much of the cost and all of the risk to the employee. The result will be a massive increase in elder poverty.

In 2010, the average CalPERS service retirement benefit for state employees was \$2,500 per month (with 21.3 years of service). That hardly seems overly generous given that member contributions account for a considerable portion of CalPERS revenue and accumulated assets. Of course, many (of us) receive more and many receive less.

Between 2000 and 2010, members contributed \$304 billion (21.3%), employers \$469 billion (32.8%) while earnings on invested assets generated \$677 billion (45.7%). Members have contributed almost 40% of total new contributions over the 11 year period.

The third often-voiced criticism of CalPERS involves abuse of the system, especially "spiking." This is a legitimate complaint. There are many examples, especially among public safety employees in which the pension benefit is significantly enhanced by converting overtime, unused vacation and sick leave into participation and/or promoting an employee to a higher paying job shortly before retirement. These are matters of responsible plan design and administration. When discovered, such problems should be corrected and it must be co

Editor: I'd like to see more convergence among disparate systems, some of which are niggardly for modest income workers, others very generous to well-paid workers who retire early, e.g, in public safety systems.

Let's Be Honest about the CSU Budget: Cuts Started Before Brown's Budget

