

Dear Honorable Legislators,

My name is Bob Sigala. I worked in the education and probation fields in Santa Clara County for three decades and I contributed my fair share toward our pension system. Now you want to change the rules.

For most workers, our pension is our rainy day funds. And for employers, it is an investment on its workforce, in order to hire and retain qualified workers who otherwise might choose more competitive salaries in the private sector.

The governor's plan to force a hybrid risk-sharing pension plan replaces a secure and efficient retirement system with a risky and inefficient gamble. The hybrid plan, as proposed, reduces the current defined benefit by 70%.

A hybrid plan based on defined contribution subjects workers to market volatility. A market that has been shown to be easily manipulated by the top 1% who run Wall Street. CalPERS, on the other hand, has existed for 60 years, and if not for the collapse of Big Banks, has yielded healthy rate of returns for investors and recipients alike.

My first question about this is under defined contribution, the state would be requiring workers to set aside money toward investments. For this to work, legislation would need to be passed to allow employers to garnish. This mandate would seem to violate collective bargaining...

Next, if employees don't make investment choices for their defined contributions, the state, it seems, would take on the role of making investment choices for employees. How will the state do this exactly, using what selection criteria? If wrong choices are made, there could be fiduciary liability.

The other not-very-well-thought-out idea from the governor's proposal is increasing the retirement age. That just seems arbitrary and punitive. Even Social Security allows retirees to retire at early ages with discounted benefits.

The current retirement formulas max out at age 63 - not 55 - as is presumed by those who do not understand the current retirement system. If we were to consider a new formula which would stretch that maximum benefit to age 67, it should include an increased benefit, not a reduction, as proposed under the governor's plan or it would violate Proposition 162 and the CA Constitution.

Pensions are the best way for workers to earn a secure retirement. We should all be working to raise the standard of living for all retirees, public and private. After a lifetime of work, retirees deserve dignity, not poverty.

Sincerely,

Dec. 1, 2011