



Greater VALLEY GLEN COUNCIL

LOS ANGELES VALLEY COLLEGE

Your Neighborhood - Our Community



- Officers -

Terry Anderson
PRESIDENT
Christopher Ueland
VICE-PRESIDENT
Montie Mazo
SECRETARY
Vic Viereck
TREASURER

CITY OF LOS ANGELES Greater VALLEY GLEN COUNCIL

13659 Victory Blvd., #136
Valley Glen, California 91401
818) 772-GVGC WWW.GVGC.US

- Board Members -

Terry Anderson	Fernando Ayala
Douglas Breidenbach	Maria Denis
Carlos Ferreyra	William Fishman
Stanley Friedman	Ted Geldberg
Benjamin Goldblatt	Steven Hamm
Eli Kademian	Hafeed Kardouh
Charlotte Laws	Larry G. Jorgenson
Montie Mazo	Chris Mushyan
Gary Popenoe	Kathleen Schwartz
Bruce Thomas	Karo Torossian
Chris Ueland	Vic Viereck
	Abdul Zohbi

Government Relations Committee

September 29, 2009

To be submitted to the GVGC President at least 120 hours in advance of monthly Board meeting. Not to exceed 2 pages.

PROPOSED MOTION: “In all future negotiations with unions, public employee pension plans should be defined contribution for new employees. In addition, no future pension plan should exceed 85% of the average of the last three years salary.”

PROPOSED BUDGET EXPENDITURE (if any): None

PROPOSED COMMUNITY IMPACT STATEMENT (if applicable) – 100 words or less:

(Attach to any applicable Council File No. 09-1123

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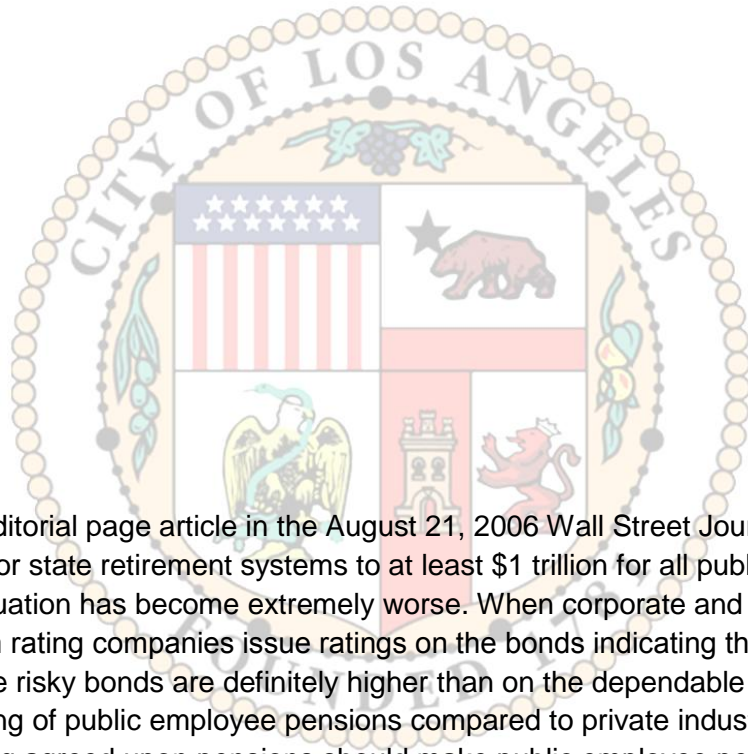
COMMUNITY BENEFIT STATEMENT (if applicable – 100 words or less) all non-operation expenditures must attach Agency or Department Letter Requesting item(s) or donation(s) to Committee prior to Committee vote;

Greater Valley Glen taxpayer money must be protected. .

Supplemental data for GVGC to consider:

The Benefits of Defined Contribution Pensions

A major difference between public employee pension plans and private industry pension plans is the dependability of how they are paid. Due to payment by the taxpayers, public employee pension plans have almost the guaranty of perpetuity. Private industry pension plans can exist only as long as the customers' dollars can cover the various costs (including pension plans) of providing their products or services. Large corporations, with expensive pension plans have gone bankrupt. But many governmental agencies continue to fund (with taxpayer money) extravagant pension plans.



According to an editorial page article in the August 21, 2006 Wall Street Journal, pension fund shortfalls range from \$500 billion for state retirement systems to at least \$1 trillion for all public systems. During the three years since then, the situation has become extremely worse. When corporate and governmental agencies issue bonds, well known rating companies issue ratings on the bonds indicating the bonds' dependability or risk. The stated yields of the risky bonds are definitely higher than on the dependable bonds. The same concept should be used in financing of public employee pensions compared to private industry pension plans. The reduced risk of not receiving agreed upon pensions should make public employee pensions less lucrative than others. Instead some politicians easily capitulate to pressure from public employee unions, such as during the dot-com bubble. A boom in the value of pension investments led to an unjustified increase in pension benefits for existing retirees.

Since economic growth is not a guarantee, taxpayers need to know the cost of all services to be paid out of their tax payments. The pay as you go basis of defined benefit public employee plans does not meet that need. Changes in investment yields (or even losses) of retirement accounts obliterate any such knowledge. Defined contribution plans define the cost. Such knowledge is critical for long (and short) term budgeting.

Also, when employees retire (if they fully retire) they no longer have Social Security (FICA) taxes or pension contributions withheld from their income. Another cost no longer absorbed is commuting.