



CALIFORNIA DEMOCRATIC PARTY

SENATOR ART TORRES (RET.), CHAIRMAN

MAN06.08

PROTECT DEFINED BENEFIT RETIREMENT IN THE PUBLIC SECTOR

WHEREAS: Defined benefit pensions provided to public sector employees in the State of California offer those workers security and dignity after retirement for their dedicated years of public service with a guaranteed pension for life, and additional guaranteed benefits, including disability, death, and basic cost-of-living adjustments, as well as supplemental benefits, including health, Medicare Part B and supplemental cost-of-living adjustments, and defined contribution plans, such as 401(k)s, provide no such benefits; and

WHEREAS: Efforts are underway to prohibit all newly hired public employees from enrolling in a defined benefit pension plan and instead mandate their enrollment in a third-party administered defined contribution plan, or some other kind of mandated hybrid plan, and the implementation of a defined contribution plan in California would harm the local and state governments' efforts to recruit and retain qualified employees, and these defined contribution plans unnecessarily expose workers to investment and interest rate risks, putting all of their retirement savings at risk, and studies performed by the Nebraska Retirement Systems and the Colorado Public Employees Retirement Association, as well as other studies performed by academic experts, have concluded after due examination that defined contribution plans cannot be expected to provide adequate retirement benefits, and that participants will not benefit from the introduction of defined contribution plans; and

WHEREAS: The effort to convert defined benefit pensions to defined contribution plans is part of a concerted national attack on retirement security and the Social Security safety net, including efforts to privatize Social Security

THEREFORE BE IT RESOLVED: That the California Democratic Party is opposed in principle to the replacement of defined benefit plans with defined contribution plans as the core retirement benefit of its employees, whether that replacement takes the form of mandatory or optional conversion, and will take all appropriate action with the legislature, other local governments, appropriate associations and coalitions and the general public to actively oppose such conversion efforts.

Adopted by: 16th AD Democratic Committee

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Adopted by the Executive Board
Of the California Democratic Party
At Its Executive Board Meeting
Manhattan Beach Marriott Hotel
January 28, 2006