



## A Policy Briefing on Retirement

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*CTA believes all public employees and education employees in particular deserve secure retirement benefits with defined and equitable benefits. Both the California State Teachers' Retirement System (CalSTRS) and the Public Employees' Retirement System (CalPERS) should remain autonomous contributory systems providing a single tier of benefits to all employees.*

### **Two Distinct Public Employee Retirement Systems**

California must maintain and keep strong its two defined benefit systems, the California State Teachers Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) for employees from pre-kindergarten through higher education. Both systems should offer equal benefit structures and equal costs. All future members of CalSTRS and CalPERS are entitled to the same basic benefit structure provided for current members.

### **Defined Benefit Systems**

Defined benefit retirement plans offer a moderate but secure retirement based upon a formula that will last for the members' lifetime. Efforts to eliminate defined benefit retirement plans in favor of 401(k) style retirement plans should strongly be resisted, to ensure that CTA members have a dependable retirement they can count on.

### **Benefit Improvements**

Benefit improvements must be applied on an equitable basis to all members and beneficiaries of CalSTRS/CalPERS. Ad hoc benefit increases, which aid one group of members to the disadvantage of another group of members, should be resisted. Retirement, Disability and Family Benefit Allowances must include adequate protection against inflation, either indexed to the California Consumer Price Index (CCPI) or realistic replacement value of the original allowance.

### **Contributory Retirement Systems**

The two public retirement systems must be contributory systems with costs shared by the employer, employees and the state. The Retirement Fund must be an inviolate trust fund solely for the benefit of members, retirees or survivors, without special consideration for any person or agency, including the state. The actuarial integrity of the CalSTRS/CalPERS Defined Benefit Program must be retained with full benefits maintained in any proposals to modify or create an alternate retirement system.

### **The Independence of CalSTRS/CalPERS**

CalSTRS and CalPERS should be independent state agencies administered by an executive officer not subject to political control and must make investments objectively and prudently with diversification. These systems should have as their primary investment goals to preserve the principal and maximize growth and income when selecting and retaining securities to ensure all CTA members are able to retire with dignity. Our public pension systems have a fiduciary responsibility over the investment of retirement plan assets and are required to discharge their duties solely in the interests of its members and beneficiaries for the exclusive purpose of providing benefits. The constitutional charge of CalSTRS as fiduciaries is to ensure the fund meets its financial obligations so that all educators receive their fully earned pension when they retire.