



Orange County
Taxpayers Association

30205 Hillside Terrace, San Juan Capistrano CA 92675-1542
phone (949) 240-6226 • fax (949) 240-0304 • www.octax.org

***Testimony to the Orange County Board of Supervisors
July 21, 2009***

The Orange County Taxpayers Association (OCTax) congratulates your Honorable Board of Supervisors and we congratulate the Orange County Employees Association (OCEA).

Together you have made significant progress toward making pensions and other post-employment benefits sustainable and less of a burden on taxpayers.

Recently your Honorable Board reduced our liability for retiree health care by \$1 billion.

You put Measure J on the ballot to give voters a voice in approving future pension increases. (OCTax was proud to co-sign the ballot argument with Supervisor Moorlach.)

Today you and OCEA introduced a “defined contribution” component to pensions. We don’t know how much money it will save (if any), but simply introducing the concept is a giant step toward future fiscal solvency.

Orange County taxpayers thank you!



Orange County
Taxpayers Association

30205 Hillside Terrace, San Juan Capistrano CA 92675-1542
phone (949) 240-6226 • fax (949) 240-0304 • www.octax.org

Orange County Public Employee Pensions

Two pension formulas for OCEA

- Existing: 2.7% at 55, 30 years' service. Defined Benefit (DB) = 81% of highest year salary, inflation adjusted for life. Generous benefit, employees pay for retroactivity.
- New: 1.62% at 65, 30 year's service: DB = 48.6% of highest year salary, inflation adjusted for life, plus Defined Contribution (DC) savings and earnings. Generous benefit, employee contribution to DC about half what is paid to DB under existing plan.

DC employer match

- For employees in 1.62% at 65 DB/DC, county will match up to 2% in first plan year.
- Study group to determine match up to 4% thereafter, depending on "efficiencies" agreed to by unions.
- County contribution vests after five years of service.

Existing employees: one-time opportunity (180 days) to opt for 1.62% at 65 DB/DC.

New employees

- Choose formula on hiring.
- If no selection made, will be placed in 1.62% at 65 DB/DC.
- No further opportunity to change selection.

Required legislation

- County and OCEA co-sponsor SB 752 (Correa).
- If legislation not enacted by March 1, 2010, all new hires will go automatically into 1.62% at 65 DB/DC.