

CHANGES TO PENSION BENEFITS

IMPORTANT INFORMATION FOR LOCAL 127 MEMBERS HIRED BETWEEN July 19, 2012 and July 10, 2021

Background: When you were hired, the City required you to join a pension plan it had illegally created.

- In 2012, through Proposition B, the City eliminated the defined benefits pension plan (administered by SDCERS) and imposed a defined contributions pension plan (the SPSP-H plan) for all new hires into standard-hours positions.
- But the City failed to negotiate with various unions, including Local 127, before unilaterally imposing the SPSP-H plan.
- Local 127 fought the City before the Public Employment Relations Board and the courts, and won: In February 2021 a final decision from state court held that forcing employees into the SPSP-H plan violated your rights as employees represented by Local 127.

Now, the City is complying with the legal rulings by putting employees, including those represented by Local 127, back into the SDCERS pension plan they should have been in all along and giving employees credit for *all* the years they should have been in SDCERS.

What is the SDCERS plan?

- A “defined contribution” plan: You and the City make contributions (like you do to your SPSP-H plan), but then when you retire, you receive a set monthly amount from SDCERS.
 - Under the SDCERS plan, you have a lifetime of secure income paid monthly, and there will be cost of living adjustments to that income.
- All other City employees hired before July 20, 2012 and after July 10, 2021 are in the SDCERS plan, and most other public employees across the state are in defined contribution plans like SDCERS.

How will the pension plan switch happen?

- Between February 2022 and May 2022, the City will have multiple information sessions and post videos where you can learn more about the SDCERS plan.
- In early May 2022, **you will receive a letter explaining how you can “purchase” the eligible City service** you had between July 20, 2012 and July 10, 2021 in order to enter the SDCERS plan and receive credit for all of those years under the SDCERS plan.
 - **In reality, all you will need to do is agree to enter the SDCERS plan and agree to transfer money from your SPSP-H account to SDCERS.**
 - **If you are “short” any amount** for the purchase of your City service, **the City will pay that amount.**
 - If you have extra money in your SPSP-H plan beyond what is needed to purchase your City service to be in SDCERS, that money will remain in your SPSP-H account. We are working with the City to figure out how you may be able to withdraw this leftover money.
 - The City will continue to have information sessions so you can learn about the difference between SDCERS and SPSP-H and what you need to do to join the SDCERS plan.
 - You will have the one-time, irreversible choice of staying in SPSP-H or entering the SDCERS plan.
 - For most employees, joining SDCERS is a great option – it gives you a guaranteed monthly income when you retire. Local 127 encourages you to take advantage of the educational information the City will be providing so you can learn more about the differences between SDCERS and SPSP-H.
 - **If you don’t do anything, you will be entered into the SDCERS plan (you will not remain in SPSP-H).**
- **You will have from May 1, 2022 until June 30, 2022 to decide what to do.** You MUST make your choice before June 30, 2022. You will make your choice through the SAP system.
- On July 9, 2022, the switch to your retirement plan will become effective.
- **If you choose to be in the SDCERS plan, you will get an *additional* payment from the City** as part of the penalty that the Public Employment Relations Board ordered in the legal case.
 - If you stay in SPSP-H, you will not receive any extra payment.