

UPDATE ON PENSION BENEFITS
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 for all new hires (the SPSP-H plan).
- 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.
- First, the Public Employment Relations Board (PERB) ruled that the City had violated Local 127's rights to negotiate over pension plans.
- In 2019, the California Supreme Court told the City it had violated unions' rights.
- This past February, a court in San Diego ruled that the amendments to the City Charter imposing the SPSP-H plan on all hires since 2012 were invalid.

Compliance with the Legal Rulings

- Now that a court has officially ruled that the City's changes to the Charter did not comply with the law, the City is beginning to undo everything that resulted from its illegal action.
- PERB is requiring the City to make employees "whole" for its imposition of the SPSP-H plan, minus any offsets or credits PERB allows the City to take.
- Local 127 has been meeting and conferring with the City about how the City will comply with PERB's order and how employees can join the SDCERS defined benefits plan.
- The City has already begun placing new hires (since July 10, 2021) into the SDCERS defined benefits plan.

Current Status of Compliance: There is no final resolution yet, but the City and Local 127 have come to the follow agreements so far as to how to correct the City's unlawful imposition of the SPSP-H plan:

- **Local 127 members will be able to join the SDCERS defined benefits plan** and will be able to "purchase" their prior years of service for when they should have been able to be in the SDCERS defined benefits plan.
 - Local 127 members will have the option to stay in the SPSP-H plan. For the vast majority of Local 127 members, joining the SDCERS defined

benefits plan will be the better choice, and they will finally be in the same pension plan as their Union brothers and sisters hired before and after them.

- If an employee stays in the SPSP-H plan, he or she will *not* be entitled to the “make whole” relief ordered by PERB. In addition, because of IRS regulations, the employee’s contributions to SPSP-H may increase.
- Local 127 members will use the funds in their SPSP-H plan to “purchase” their prior years of eligible City service, as this is the sort of credit or offset PERB allows the City to take.
 - If an employee doesn’t have enough money in his/her SPSP-H account to make the purchase, the City will make up any shortfall so the employee can purchase the *entire* amount of time he/she would have been in SDCERS if the City hadn’t unlawfully imposed the SPSP-H plan.
 - If an employee has *more* money in his/her SPSP-H plan than is needed to “purchase” all eligible years for the SDCERS plan, the employee will get to keep that money.
- The City will provide substantial information and education about the SDCERS plan, each employee’s SPSP-H account, how the employee can become enrolled in the SDCERS defined benefits plan and “purchase” all appropriate years of service, etc. This educational period will occur for at *least* 60 days before employees are required to decide whether to join the SDCERS plan or stay in SPSP-H.

Where to Learn More: Because you will soon be able to join the SDCERS defined benefits plan, we strongly suggest you review the following information to learn more about the plan (everything below is part of the sdcers.org website):

- [Plan Summaries](#): Select the third Plan on the list for General Members hired between July 1, 2009 and July 20, 2012: this will become your pension plan once the make-whole meet and confer process concludes, unless you reject make whole and stay in the SPSP-H Plan as amended.
- [Fact Sheets](#)
 - [Death Benefits](#)
 - [Reciprocity](#)
 - [Termination & Deferred Membership](#)
 - [Retirement Benefit Options](#)
 - [Disability Retirement](#)
- [FAQs](#): Includes questions concerning (1) reciprocity, (2) purchase of service credits, (3) disability retirement benefits, (4) COLA increases to benefits, (5) working after retirement, (6) retiree health benefits, and MORE
- [Educational Videos](#): SDCERS 101