



THE RETIRED CONNECTION

Retired Public Employees Association
Chapter 34 -Redding, CA Newsletter

We are active and retired California public employees working together to maintain and improve the quality of the lives of our members by protecting and improving our earned retirement, medical and other benefits.

November 2017



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Happy New Year everyone! I hope you have made your New Years Resolutions and have made a plans to implement them. One of your Resolutions you should always make is to continue to monitor the State of California's commitment to keep CALPERS strong. A major way for us to make that happen is through our membership in RPEA. It is the best way to make sure that our collective voice is heard in Sacramento. Please make sure your membership remains up to date. Do not let it lapse. In this way you are supporting the organization that can truly make a difference for all of us.

Don Curtis, President
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EDITOR'S RAMBLINGS

It's a safe bet that most Californians know nothing about the "**California rule**," but even though it is not a part of any state law, the rule has had consequences far greater than most state laws. It holds that public employee pension benefits for years **not yet worked** can never be reduced. Now the California Supreme Court is revisiting that rule. **Gov. Jerry Brown has joined two state appellate courts in urging this interpretation be shelved.**

The rule has its roots in a 1955 California Supreme Court ruling, *Allen v. City of Long Beach*, in which an amendment to Long Beach's charter

sharply increased employee pension contributions and made other major pension changes was thrown out on the grounds that it violated the city's contractual obligations to employees. **Chief Justice Phil S. Gibson's ruling said pensions could be modified so long as they remained reasonable if it were necessary to maintain the "integrity" and "successful operation" of a pension system.** But he also created what's become known as the "California rule" when he wrote that "**changes in a pension plan which result in disadvantage to employees should be accompanied by comparable new advantages**".

Citing this and other court rulings, unions challenged provisions of California's 2012 pension reform measure blocking pension "spiking" with late-career maneuvering and ending employees' ability to pay up front to receive additional years of service credit in calculating retirement benefits. In a twist few expected, appellate courts both held that not only were the reforms legal, *Allen v. City of Long Beach* had been interpreted wrongly for decades. "While a public employee does have a 'vested right' to a pension," Associate Justice James Richman wrote, "that right is only to a 'reasonable' pension' — not an immutable entitlement to the most optimal formula of calculating the pension."

Brown's legal aides filed a 14,000-word brief backing up this.

California Supreme Court Chief Justice Tani Cantil-Sakauye and her colleagues are taking up two rulings which hold that government pensions can be reduced for years not yet worked. With pension costs ballooning, their decision will have vast implications for the state's future.

George Otterbeck



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Our next meeting will be on January 2th at Shasta Senior Nutrition Center located at 100 Mercy Oaks Dr., Redding, CA 96003 (East 1.13 mile of the intersection of Churn Creek. and College Dr.) Jason Morton, CHP Public Information Officer will present an update on new driving laws and respond to any questions, Wee look forward to starting the new year with you.

Founded in 1958, RPEA is an association focused on protecting retirement benefits for all public employees (retired and currently employed) and their beneficiaries. With over 20,000 members and 87 active chapters, RPEA is supported by membership dues and is the only statewide association representing all PERS members.

