Information:
Bill Monnet
(415) 999-1965
Jody Morales:
(415) 377-9295

CITIZENS FOR SUSTAINABLE PENSION PLANS

A Nonpartisan Group of Marin Residents

Wealthy Marin County and Its Towns and Cities on the Road to Fiscal Insolvency

Study Sheds Harsh Light on the Impact of Billions of Retiree Debt

For Release October 7, 2013. Fearing that Marin County citizens are being kept in the dark about the impact of billions in unfunded pension and healthcare retirement liabilities that threaten to cut vital services and increases taxes, a nonpartisan citizens group has released the results of a six-month study on the condition and sustainability of retirement plans for Marin County and the cities and towns within its boarders.

“This objective report should leave little doubt that Marin and its towns and cities are on the same road that has led Vallejo, Stockton, Detroit, and San Bernardino into bankruptcy and service insolvency,” says Jody Morales, founder of Citizens for Sustainable Pension Plans (CSPP), a group of Marin residents who joined together two years ago to seek solutions to the staggering unfunded liabilities facing Marin taxpayers.

The first-of-its kind report, which provides five key indicators of financial stress and a comparison of public and private defined benefit plans, is a model for cities and counties across the United States that are looking to understand how massive unfunded retiree debts have accumulated and their constraining effect on government services.

The report estimates the unfunded retiree debt for the County and its towns and cities at $1.2 billion to $2.3 billion based on assumed pension investment returns. It shows that all cities and towns as well as the county fail to meet what is considered a healthy funding ratio of 80% for their retiree liabilities using an optimistic return on pension investments of 7.5%. When a more conservative figure of 4.8% is used, the average funding ratio drops below 50%.

"We're playing pension roulette," says Bill Monnet, a financial analyst and principal contributor to the study. "At a 50% or less funding ratio, a government risks a financial 'death spiral' if downturns in financial markets, poor investment returns or actuarial errors further increase debt levels beyond the point of serviceability."

The summary indicator of financial stress shows that some jurisdictions in Marin are already spending more on retiree benefits than did the City of Stockton only two years before it filed for bankruptcy.

In the report's conclusion, it calls on all citizens to understand the issue, realize the catastrophic consequences of continued fiscal irresponsibility and demand that elected officials stop talking about pensions and actually work towards fundamental change. CSPP also asks if certain tax increases about to be voted upon should be defeated to send a powerful message that reform must occur before more money is allocated for services.

The report follows quickly on the success of CSPP to persuade the County to include pension and retiree health care information with the just released property tax bill illustrating that the County's 103,000 households owe over $864 million in unfunded retiree benefits.

--- More ---

The report was written by Citizens for Sustainable Pension Plans consisting of Marin taxpayers with significant expertise in all facets of pensions. It may be the first report of its kind to be released by such a nonpartisan group in the Country. The analysis is based on public documents.

Marin Independent Journal Coverage: http://www.marinij.com/marinnews/ci_24242483/critics-assail-marin-countypension-roulette