

The Honorable Arnold Schwarzenegger
Governor
State Capitol
Sacramento, CA 95814

RE: Pension “Reform” – Myths and Facts

Dear Governor Schwarzenegger:

I am writing to address the misleading point about your “reform” of California’s CalPERS and CalSTRS pension funds:

- **MYTH:** Privatization of California’s public employee retirement funds saves California’s economy and taxpayers’ money.
 - **Fact:** CalPERS, the largest pension fund in the nation, requires absolutely *no State contributions* and is fully self-sufficient.
 - **Fact:** The proposed changes to these funds would *cost California taxpayers 5.9 billion dollars* in the first 10 years just in the CalSTRS fund alone.
 - **Fact:** The Enron, WorldCom, and Tyco corporate scandals cost CalPERS and CalSTRS *more than 1 billion dollars*.
 - **Fact:** *CalPERS and CalSTRS call for corporate accountability and transparency* after such corporate disasters as Enron, WorldCom, and Tyco.
 - **Fact:** Your proposed “reform” of CalPERS and CalSTRS would take the tremendous power from public employees to hold such corporations accountable.
 - **Fact:** *California’s Public employees would suffer insurmountable cuts* in retirement benefits, the *profit going directly to large corporations* and the private sector.
 - **Fact:** Studies have shown that individual, defined contribution plans do not invest enough to cover the cost of retirement, and are not diversified sufficiently to reduce risk.
 - **Fact:** *CalPERS and CalSTRS have a proven, reliable track record* of sound investment, and thus have greatly reduced the risk for public employee retirees.
 - **Fact:** We need talented, qualified professional nurses, teachers, firefighters, police-officers, and other highly-skilled public workers. *Without stable benefits, and on relatively low-wages, who in California will do these jobs?*
 - **Fact:** Your proposed drastic changes would destabilize California’s economy by forcing more retirees without key benefits or stable retirement plans to go on public assistance, or to seek emergency medical services, which are always more costly than preventative health care.

In closing, if your proposed initiatives would mean great financial hardship for California’s taxpayers, and a severe benefits cut to the state’s Nurses, Firefighters,

Teachers, Police officers and other highly skilled public sector workers, why go forward with these ballot initiatives? What kind of society would you have us living in? I ask you not to continue with this planned initiative.

Sincerely,