

**SUMMARY OF CITY'S CHARTER AMENDMENT  
REGARDING RETIREE HEALTH**

In the June 2008 ballot, the Mayor's and Supervisors Elsbernd's and Peskin's retiree health Charter amendment passed. The amendment modified retiree health coverage for prospective employees (those hired on or after January 10, 2009), as follows:

- **Length of City Service – Graded Schedule for Retiree Health Coverage**
  - 5 years of credited service – access to City Health Plans with retiree paying 100% of employer's total cost
  - 10 years of credited service – access to City Health Plans with 50% of full City Contribution toward Retiree Premium
  - 15 years of credited service – access to City Health Plans with 75% of full City Contribution toward Retiree Premium
  - 20 years of credited service – access to City Health Plans with 100% of full City Contribution toward Retiree Premium
  
- **Retirement within 180 days of Separation.** Employees that separate employment with the City must elect retirement within 180 days of that separation in order to maintain eligibility of retiree health coverage.
  
- **New Employee Retiree Health Trust Fund Contribution Equivalent to the "Normal Cost."** Employees hired on or after January 10, 2009 shall make a contribution equivalent to the "Normal Cost" of healthcare in the previous fiscal year, capped at 2%. When the City's Annual Required Contribution (ARC) liability is retired, the City shall split the Normal Cost with Employees. "Normal Cost" is a defined term within GASB that reflects the average percent of payroll needed to fund retiree health care costs on an actuarial basis. The City will contribute 1%, as well, until the ARC liability is retired.

In addition to the above impacts on prospective employees, the Charter amendment includes the following provisions:

- **Cost of Living Adjustment (COLA)** – All SFERS Retirees
  - **Basic COLA** – 2% simple → 2% compounded
  - **Supplemental COLA** – maximum COLA up to 3.5% (i.e., 0.5% increase)
  
- **Pension Benefit Schedule** – applies to Miscellaneous only; 2% @60 → 2.1% @60, topping out at 2.3% at 62.
  
- **Wage Freeze** – Miscellaneous unions agree to one year MOU extension which includes no wage increases