Additional PERS Pension Questions

1. Do you think there is a problem with underfunded pension obligation (UPO)? If so, why? If not, why not? What are the consequences if it is a problem and doesn't get resolved?
2. What is your opinion on the likely outcome of the Stockton and/or San Bernardino cases? Will CalPERS get payments in advance of bond holders? What happens if cities can't pay? Would CalPERS seize assets? Explain how this would work and the consequences to the city residents and city workers.
3. What happens if the court decides against CalPERS?
4. If CalPERS loses the case(s) will CalPERS go bankrupt? If so, what happens to the money of cities in CalPERS that do not go bankrupt? Will they get the money back so that it can go toward their own pension fund?
5. How can Costa Mesa get firm reassurances that they won't lose, by CalPERS bankruptcy, any money (including money above and beyond what CalPERS has asked for) given to CalPERS and what would be the process for Costa Mesa to recover the money?
6. What is the right goal for reducing the underfunded pension obligation? Should we target $0 obligation or is there a more reasonable and fiscally acceptable number, for example 85% funded? If so, what is that number and why would it be a good target and what is a reasonable period of time to achieve this?
7. What cities have the least underfunded pension obligation and how have they achieved this?
8. What cities have had a serious problem with underfunded pension obligations and now don't and how have they achieved this?
9. What happens if Costa Mesa meets its obligation but other cities do not? Could CalPERS fail or go bankrupt and if so, what happens to the money that Costa Mesa put in?
10. What happens if Costa Mesa fails to meet its obligation?
11. If CalPERS fails, do they have some sort of default insurance that would cover the gap in the funding obligation?
12. What variables can CalPERS change to make the underfunded pension obligation a more manageable amount of money for the cities to service?
13. Based on the concept to make the current CalPERS payments work more/ go further and then to see what additional money is needed, can payments of the same amount be made faster, and if so, will it reduce the UPO? For example, if payments were made twice a month or daily, like paying on a mortgage the same amount but every two weeks, would this reduce the UPO?
14. Why haven't the employees been asked to pay more toward their pension?
15. Why not use a tighter basis for cost of living increases or go every other year or reduce them to 1% or less?
16. Why is the payment to get out of CalPERS so high? Is there an inflation component in the return equation? If so, why does CalPERS include an inflation factor? Is it because the pension obligation will increase with inflation? Or is it because CalPERS is thinking that their investments will go up with inflation?