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THE CITIZENS ECONOMY AND EFFICIENCY COMMISSION PRESENTS PENSION PLAN RECOMMENDATIONS TO THE LOS ANGELES BOARD OF SUPERVISORS

February 9, 1994

On February 15, the Economy and Efficiency Commission will present its pension plan recommendations to the Los Angeles County Board of Supervisors. At the request of the Board, the Economy and Efficiency Commission has been deeply involved in a review of the County's retirement system. The Commission has drawn on help from W.F. Corroon, a firm that has extensive experience in the design of retirement systems for public agencies. In addition, a legal expert on public and private retirement systems, Mr. Frank Smith of Morgan, Lewis & Bockius, provided the necessary legal expertise to review the framework in which changes could be made to reduce the retirement costs to the County.

In two separate reports, the Economy and Efficiency Commission developed thirty-eight recommendations for improvement. Together, they are estimated to reduce county retirement costs by up to \$18 million dollars annually.

Implementation of the Commission's recommendations regarding the County Retirement Plan itself will primarily affect future employees, since, with few exceptions, the County is legally barred from changing retirement benefits for which employees are already vested.

A major change that is recommended concerns the inclusion of fringe benefits from the County's Cafeteria Plan in the calculation of the retirement pay. In the past this has resulted in pension pay that was higher than the pay that the County employee received when he/she was working. The Economy and Efficiency Commission recommends that such fringe benefits not be included in the pension calculation for future employees, nor to some extent for current employees.

The Commission also calls on the Supervisors to openly discuss the retirement system policies and then to establish effective administrative procedures within the system. Immediate action will prevent further negative consequences to the County's budget. This is the case even though most changes affect future employees because commitments for future pensions have to be funded out of the current budget.

The Economy and Efficiency Commission has unanimously adopted its recommendations and believes that now the County and the Board of Supervisors must take timely and positive action to fulfill its responsibilities to the citizens of Los Angeles County.

For further information on any this or any other news released by the Economy and Efficiency Commission, contact Bruce J. Staniforth, Executive Director at eecomm@co.la.ca.us, or by

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