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## **Statement from Mayor Reed on Stanford Report on San Jose's Pension Costs**

*San José, Calif.* – Today, the Stanford Institute for Economic Policy Research (SIEPR) released a report analyzing the City of San Jose's public pension costs and the need for reform. Among SIEPR's key findings:

- Even when assuming investment returns of nearly 8 percent, there is an 88% chance that San Jose's two retirement systems will NOT earn enough money to fully meet its current pension obligations over the next 16 years.
- To achieve a 50% chance of fully meeting its current pension obligations, San Jose's two retirement systems would need to earn an average of 11.4% for the next 16 years.

Mayor Reed has released the following statement:

*For the past decade, the City of San Jose has repeatedly drained money out of services and poured it into retirement benefits. The City's retirement costs are three times higher they were a decade ago and our retirement systems have billions of dollars in unfunded liabilities. While next year's retirement costs will likely be lower than previous estimates, they are still projected to grow in the years ahead.*

*This new report illustrates why we can't rely on the hope that an improved market will solve our pension woes. Even if the retirement boards achieve their assumed rate-of-return, there is only a 12 percent chance that the plans will earn enough money to fully meet our pension obligations. The plans would need to experience double-digit returns for the next 16 years just to have a 50-50 chance of doing so.*

*This should be a serious concern for retirees, employees and taxpayers alike.*

*We must achieve significant reforms now to reduce our retirement costs. This is necessary to protect the long term health of our retirement systems and to restore core services to our community. And as SIEPR, the Little Hoover Commission, and other independent experts have recognized, we cannot solve this problem by making changes for new employees alone.*

The entire SIEPR report can be accessed at:

[http://siepr.stanford.edu/system/files/shared/pubs/Nation\\_public\\_pension\\_sj.pdf](http://siepr.stanford.edu/system/files/shared/pubs/Nation_public_pension_sj.pdf).

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