

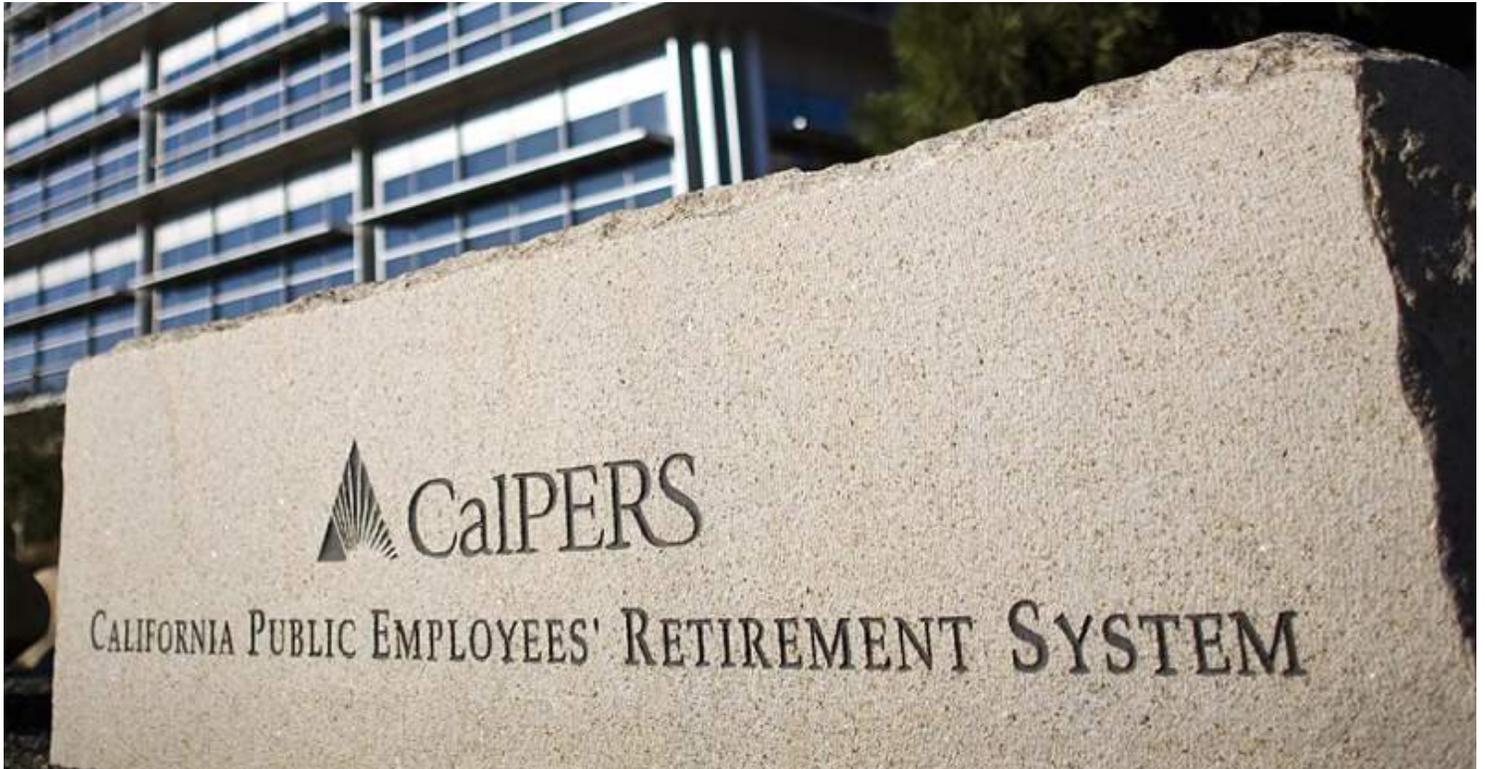


## Town

CalPERS implemented the cut in Loyalton after it opted out of the public employees' retirement system.

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The California Public Employees' Retirement System (CalPERS) cut pensions in one town by 60 percent after it opted out of contributing to the state pension system. The cut is the first of its kind ever levied by CalPERS against a city.

The agency, which manages pensions for 1.7 million current and retired public employees in the state, **announced** <<https://www.calpers.ca.gov/page/newsroom/calpers-news/2016/city-loyalton-non-payment-pension>> the cuts on 16 November 2016, which will affect workers in the small northern California city of Loyalton. According to CalPERS, the pension cut was a response to the city defaulting on its contribution to the state pension system after it dropped out in March 2013:

Once it was determined that Loyalton could not legally rescind its voluntary termination, a final collections letter was sent on December 15, 2015. After receiving no payment, a final demand letter was sent in August 2016 requiring Loyalton to bring its account current within 30 days or be declared in default.

Subsequent meetings with Loyalton officials failed to lead to a resolution. To date, Loyalton has not made any payments toward its voluntary termination costs. In total, CalPERS has had over 50 telephone calls with Loyalton officials and sent 10 collection notices.



that it would drop his pension payments to \$1,523 per month:

It's not cheap to live here when you've got to go on a 100-mile trip just to go to a hospital or a doctor to get your groceries and things and stuff. Now, not to have that money we're going to have to skimp on everything we got.

We contacted the agency asking when the cuts would take effect, and whether any other cities were facing similar measures. The agency sent a brief statement in response:

CalPERS will reduce the four affected retirees pension benefits from the City of Loyalton beginning on January 2, 2017.

Overall, less than 100 agencies have terminated their relationship with CalPERS in the more than 80 years of the existence of the system.

The pension cut in Loyalton received more coverage following CalPERS' board [decision](https://www.calpers.ca.gov/page/newsroom/calpers-news/2016/calpers-lower-discount-rate) [on 21 December 2016](https://www.calpers.ca.gov/page/newsroom/calpers-news/2016/calpers-lower-discount-rate) to lower the assumed rate of return on investments — also called the discount rate — from 7.5 percent to 7.0 percent by 2020. The cut will be phased in beginning in 2017.

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