**Retiree Health Subsidy FAQs**

**I’ve heard that something’s going on with my retiree health care. What happened?**

*An outside attorney hired by the LA Fire & Police Pension Plan (LAFPP) has written an opinion stating that the cost of two-party retiree medical benefits has always been a vested right of all City employees.*

**But didn’t we negotiate that last spring?**

*Yes. Most City employees approved changes to their contracts last spring. In those changes, we agreed to contribute more to our retirements in exchange for a guarantee that the City would continue to pay the cost of two-party retiree health care. We also received a guarantee of no furloughs during the term of our contract (through 2014).*

**But now the attorney says we didn’t have to make that change?**

*This particular attorney’s opinion is that the City could not legally freeze the amount it contributes to retiree health care.*

**What does the City say?**

*The City’s lawyer has issued an opinion stating that the City is at liberty to freeze its contribution to retiree health plans and that the subsidy is not vested.*

**What do our lawyers say?**

*During negotiations last spring, our legal counsel, Anthony R. Segall, advised us that the law was not clear on this issue and that the California Supreme Court is scheduled to rule on the vesting issue soon.*

**So why not challenge the City of LA in court?**

*If we challenged the City in court, we risked getting a decision against our interests. It also would have cost members a lot of money in legal fees and, during the lengthy trial and appeals process – which can take many years – retirees would have had great uncertainty about their benefits. (People who follow the courts closely know that most recent judges’ decisions have ruled against labor and in favor of management.)*

**What did negotiating a vested right provide for members?**

*We decided that rather than let judges decide our fates, we would take control of the issue and negotiate a vested right to two-party retiree health care in our contracts. With this, we achieved immediate certainty and limited legal fees.*

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**Could this lawyer’s opinion change what we negotiated?**

*No. This is simply one lawyer’s opinion. But now that the vested right is written into our contracts, no matter what any court rules, the City must pay the full cost of health care for both retirees and their spouses.*

**So what happens now?**

*Given the differing legal opinions, the Fire & Police Pension Plan and LACERS may ask the courts to rule on this issue. But the legal process is long and these issues might hang in the air until after this contract expires.*

**What happens if the courts rule that retiree medical is vested?**

*We will examine our legal options and – with the input of members – choose a course of action. If the retiree medical benefits were in fact vested when the contract was negotiated, then we will have the option to take action to amend the contract.*

**What about people who are considering retiring in the next few years?**

*Members working in bargaining units that agreed to increase their LACERS contributions can rest assured that the City is contractually required to pay the full cost of health care for both retirees and their spouses.*

**What does the City say?**

*The City agrees 100% that it must fully fund two-party retiree health care for all workers who approved the contract changes last spring.*

**Where can I get more information?**

*Keep an eye on your union’s website, as well as the Coalition website. You should always feel free to contact a union representative with questions.*