

**From:** [Winnacker, David](#)  
**To:** [Holbrook, Marcia](#); [Jonathan Holtzman](#); [Sasser, Gloriann](#)  
**Subject:** Fwd: Pete Nowicki's letter  
**Date:** Wednesday, July 20, 2022 3:08:19 PM  
**Attachments:** [090720-WallStreetJournal.pdf](#)

---

See below.

Dave Winnacker  
Fire Chief  
Moraga-Orinda Fire District  
925.258.4500



Begin forwarded message:

**From:** Steve Cohn [REDACTED] >  
**Date:** July 20, 2022 at 11:48:56 PDT  
**To:** "Winnacker, David" <[REDACTED]>, Steve Danziger - MOFD  
<[REDACTED]>, Michael Donner - MOFD [REDACTED] >, Craig  
Jorgens - MOFD [REDACTED] >, John Jex - MOFD [REDACTED] >,  
"Baitx, Gregory" <[REDACTED]>  
**Subject:** Pete Nowicki's letter

Chief Winnacker & MOFD Board:

At the time Pete Nowicki "played the system" I was incensed. I still am and to hear him sing the "poor me" song brings up a bitter taste in my mouth.

The firefighters had, and still have, one of the most generous retirement plans in the United States. Little MOFD has future pension benefit liabilities of about \$225 million and those are discounted back to today. In actual future dollars, it is 2-3 times as much.

I don't really remember Nowicki's numbers but the Wall Street Journal article reminded me that Pete was earning \$186,000 when he retired and he managed to get himself a pension, at 50 years old, of \$241,000. This was not a IRA of \$241,000, but \$241,000 for every year of his remaining life, indexed up for inflation each year. Assuming Pete lives to 85 years old, MOFD would have to have \$4.6 million in the bank, just to support him. How many 50-year-olds have saved up \$4.6 million or have an employer that gives them \$4.6 million on retirement?

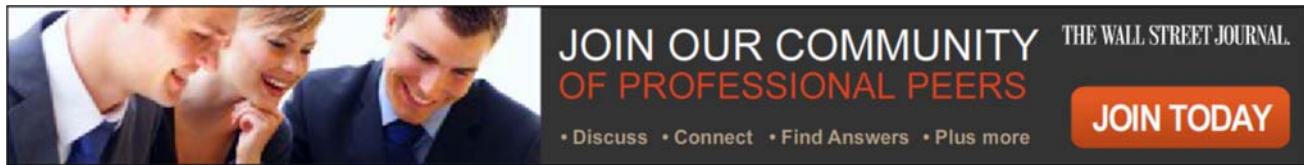
His letter said he had been working in Moraga and at MOFD for 27 years. He was already recipient of the great 2002 benefit package increase to 3 at 50 (which cost the District, i.e. the taxpayers, \$30 million). Even at 3 at 50, he would have only accrued 81% of his final year's salary. Instead he

received 130%; 60% more than he “earned”. What if everyone got 60% more than they earned? The current \$225 million in liabilities would balloon to \$360 million. And instead of being \$45 million underfunded, MOFD’s pension would be \$180 million underfunded. Half of MOFD’s revenues would have to go just to pay off the pension’s unfunded liability. That is if everyone was as “clever” as Pete Nowicki in gaming the system.

I don’t know if you are going to respond to Mr. Nowicki. But if you do, tell him that at least one tax payer did not appreciate his final act as an employee of MOFD which in my mind it effectively nullified any positive service he may have provided to the community. Hopefully, he was a unique example of greed at MOFD.

Sincerely,

Steve Cohn




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U.S. NEWS | JULY 20, 2009

## Pension Calculus Draws New Scrutiny

By CRAIG KARMIN

A California dustup over large pension payments is shining a spotlight on the practice of spiking -- increasing a salary just before retirement and boosting the lifelong payout.

Pete Nowicki had been making \$186,000 shortly before he retired in January as chief for a fire department shared by the municipalities of Orinda and Moraga in Northern California. Three days before Mr. Nowicki announced he was hanging up his hat, department trustees agreed to increase his salary largely by enabling him to sell unused vacation days and holidays. That helped boost his annual pension to \$241,000.

The boost was legal, and Mr. Nowicki said he is receiving a permissible pension. "People point to me as a poster child for pension spiking, but I did not negotiate these rules," he said.

The fire district's board agrees. "Chief Nowicki abided by existing rules and guidelines for optimizing his retirement pay," said Frank Spierling, the board's vice president. "I don't fault him. The system itself is broken. We need to change the system."

Mr. Nowicki's situation isn't unique. Contracts that permit a jump in salary just before retirement -- boosting the pension payout -- have been around for years. But as tough times are putting more scrutiny on public pensions, Mr. Nowicki's case has sparked particular anger from colleagues and local residents. Some recently demanded an explanation from the department trustees and others have lobbied the Orinda council to divert funds away from the fire department.

"These guys may have priced themselves out of job," said Steve Cohn, a financial analyst in Orinda.

The practice is getting more attention amid growing concerns about the sustainability of guaranteed pension payouts for public employees after brutal market losses last year in public pension funds.

In California, which has taken to issuing IOUs to hoard cash, a private interest group has launched a campaign to publicize the names of government retirees with pensions of \$100,000 or more to promote its view that steep pensions threaten to bankrupt states and municipalities. Mr. Nowicki's payout was brought to light in the spring in a Contra Costa Times column.

While it happens nationwide, pension spiking has been especially prevalent in California, which some attribute to favorable terms negotiated by powerful unions.

The Pacific Research Institute, a San Francisco-based conservative think tank, estimates that pension spiking costs California taxpayers \$100 million a year for the additional pension payments.

"It's only a minority of workers who engage in pension spiking," said Lawrence McQuillan, a director at the institute. "But it adds up to real money."

Critics of pension spiking maintain the practice is unfair because employees or employers contribute toward pensions

based on salaries. When a salary is significantly boosted around the time of retirement, it creates a shortfall between what a pension system has collected for an employee and what it must pay out.

Union representatives say that over time the system has suffered some abuses. "The rules have been in place historically for a number of reasons, some of them good reasons. But times have changed rather dramatically now," said Rich Ferlauto, head of corporate governance and pension investment at the American Federation of State, County and Municipal Employees. "We support changes in the rules to prevent spiking and other similar abuses."

Mr. Nowicki recently turned 51 years old. If he lives another 25 years, his pension payments will cost the fire district an estimated additional \$1 million or more over what he would have received had he retired at a salary of \$186,000, not including cost of living adjustments, a fire board representative said.

In addition to drawing his pension, Mr. Nowicki currently is working for the fire department as a consultant at an annual salary of \$176,400 while the department searches for his replacement.

Some peers aren't pleased. "We want him out," said Mark DeWeese, a firefighter who along with three other union members recently demanded an explanation for the spike from the fire district's board. Mr. DeWeese said firefighters are agreeing in current contract talks to forgo raises because of the poor economy.

The board said it had no choice but to honor the chief's requests. Mr. Sperling, the board's vice president, said directors spent months trying to decipher a 300-page document that details the pension law passed in 1937.

Mr. Nowicki said he began talking with the board in spring of 2008 about changes to his employment contract that would affect his pension. On Dec. 10, the board approved amendments to his contract requested by Mr. Nowicki, which enabled him to sell back unused vacation and holidays. On Dec. 13, he announced his retirement.

Mr. Nowicki said he asked to have this vacation provision included in his contract because he rarely had time to take vacations. Since he had recently volunteered to forgo a raise, he felt he was entitled to other compensation, he said.

If vacation days are sold during the last year of employment, they count as income for the purposes of calculating a pension, Mr. Sperling said. Because the chief didn't retire until January, he was able to sell back vacation days for both 2008 and 2009. The fire district also paid Mr. Nowicki for unused sick days and holidays, which also counted toward his final pension figure.

**Write to** Craig Karmin at [craig.karmin@wsj.com](mailto:craig.karmin@wsj.com)

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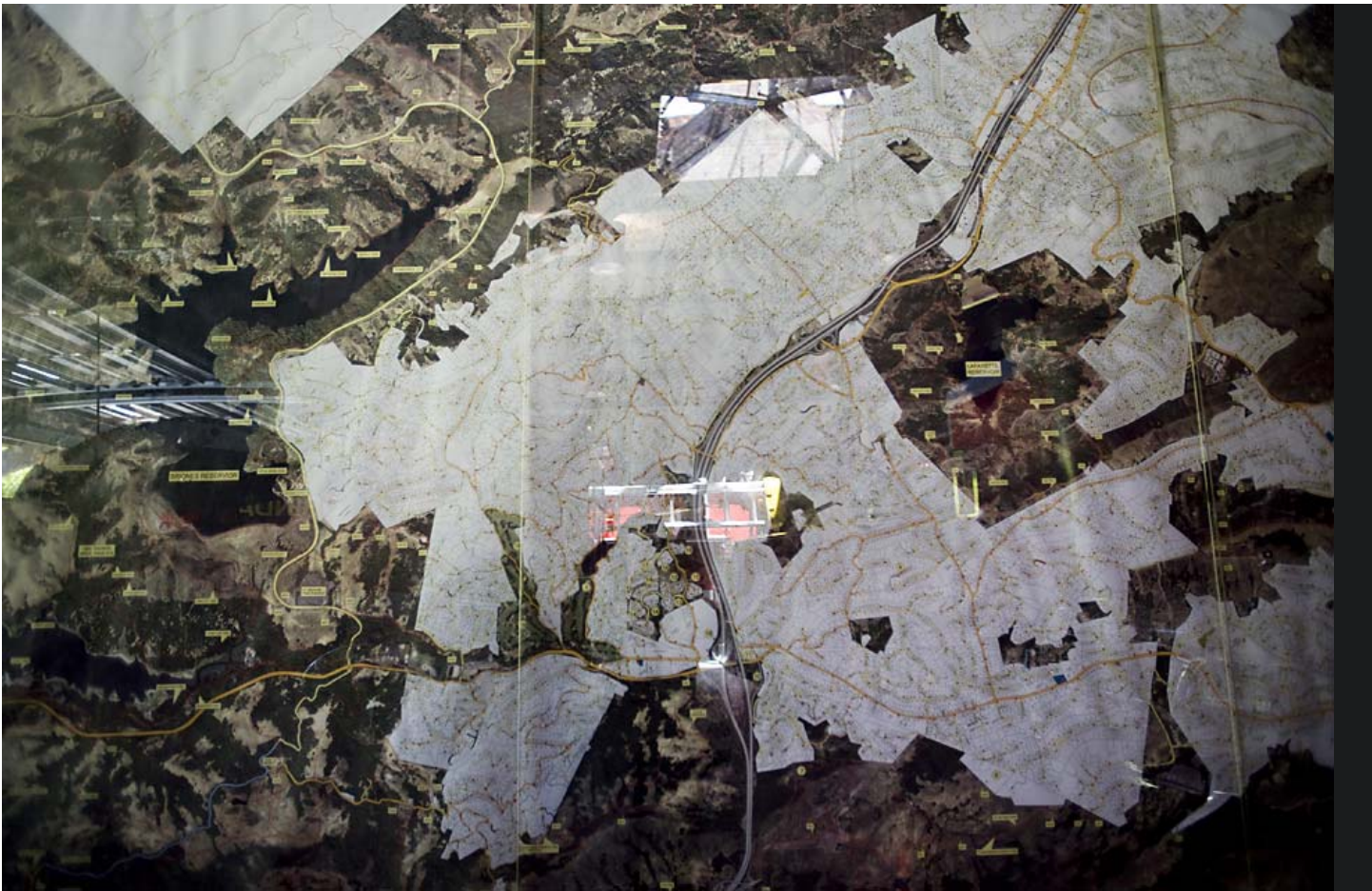
Three days before Pete Nowicki announced he was retiring, fire department trustees agreed to increase his salary in a practice called "pension spiking." The resulting bump in his annual pension has angered colleagues and residents in this Northern California area. ([See related article.](#))



Retired Orinda-Moraga fire chief Pete Nowicki, at Orinda Fire Station 45, gained the salary increase largely by selling unused vacation days and holidays. The boost was legal, and Mr. Nowicki says he earned his keep and is receiving a permissible pension. "I did not negotiate these rules," he said. (Darcy Padilla for The Wall Street Journal)



The dust-up over Mr. Nowicki's pension comes amid growing concerns about the sustainability of guaranteed pension payouts for public employees after brutal market losses last year in public pension funds. (Darcy Padilla for The Wall Street Journal)



Some residents and colleagues have demanded an explanation from the fire department trustees and others have lobbied the Orinda council to divert funds away from the fire department. Above, a district map at Orinda Fire Station 45, where Mr. Nowicki's office is located. (Darcy Padilla for The Wall Street Journal)



Mr. Nowicki continues to work for the fire department as a consultant at an annual salary of \$176,400 while the department searches for a replacement. Above, a photo of the Moraga-Orinda firefighters. (Darcy Padilla for The Wall Street Journal)





Some of Mr. Nowicki's peers are not pleased. "We want him out," said firefighter Mark DeWeese, who along with three other union members recently demanded an explanation for the spike from the fire district's board. (Darcy Padilla for The Wall Street Journal)



The practice of increasing a salary just before retirement to boost a lifelong pension has been around for years and goes by various names, including pension spiking, or chief's disease. Critics maintain it's unfair because it creates a shortfall between what a pension system has collected for an employee and what it must pay out. (Darcy Padilla for The Wall Street Journal)



The phenomenon has been especially prevalent in California, which some attribute to the state's powerful government unions that have negotiated favorable terms. Above, a fire truck at Moraga-Orinda Station 44. (Darcy Padilla for The Wall Street Journal)



The fire district board says it had no choice but to honor the chief's requests. "Chief Nowicki abided by existing rules and guidelines for optimizing his retirement pay," said board Vice President Frank Sperling. "I don't fault him. The system itself is broken. We need to change the system." Above, Mr. Nowicki at Orinda Fire Station 45. (Darcy Padilla for The Wall Street Journal)

Comments

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"Democracy" is great...If you don't approve more taxes, we will furlough regular fire and police and keep the \$240K ones (that is a lot more than any 4-star military). Un-sustainable by any measure; and, probably not fixable with the public employees voting bloc.

Comment by jonathan Waldron - July 20, 2009 at [8:04 pm](#)

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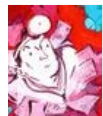
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# Pension Calculus Draws New Scrutiny

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1 day ago

JAMES WRIGHT wrote:



In the private sector only 18% of companies offer defined benefit plans, the payout even after 30 years of employment is a fraction of final pay and retiree health benefits are rare. Taxpayers can not afford public employee health care and pensions costs. Paying a 51 year old retired fireman over 200,000 a year for the rest of his life is outrageous.

Link

1 day ago

Daniel Sharp replied:



Agree. Hence, the state's "budget crisis."

Link

1 day ago

Russ Kiekhaefer replied:



James,

You've got that right. Normally the pension payout is a fraction of the salary, not a multiple of it! Even though this particular dishonest (but legal) practice "only" costs California \$100 million per year, it's a symptom of a very warped state government.

Link

23 hours ago

Lincoln Maguire replied:



It's not just California!

Link

23 hours ago

Arnold Hold replied:



Government employees have become the "new" lottery winners, and James is absolutely correct with certainly another name for this practice of overpaying pensions, to the detriment of the taxpayers is government theft.

Link

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22 hours ago

**MINH DANG** replied:

We are here limiting private companies retirement plan, when private institution is actually creating jobs, while the government TAX people and smooch off people, and create no real job for the overall economy....the biggest spender is not the private institution its the GOVERNMENT...LIMITED its power and we will all be better off.

[Link](#)

18 hours ago

**Craig Bradley** replied:

BETTER GET A GOVERNMENT JOB SOON

This is why the long term 30 year public sector employee (non-executive) gets a way better deal after retirement than his counterparts in the private sector. Plus, he has union protection and usually much more job security throughout his career than he could ever find in the private sector.

Take a typical professional retiree at the L.A. Dept. of Water and Power, for example. Thirty years equals a monthly pension allowance of \$84,000, plus a generous retiree health care insurance policy as well. In addition, a 3% COLA most every year.

Where is anyone going to get that much on the average from a private sector company, unless they are the CEO? Generous defined benefit pensions reflect the economy and job market of thirty years ago, not today.

Tomorrows private sector retirees will be on the dole and have a much lower standard of life and of health care. It is even possible few people will be able to afford to retire in the traditional manner due to lack of income. Either that, or elder poverty will greatly increase in the future.

[Link](#)

1 day ago

**Greg Kemnitz** wrote:

Defined-benefit pensions for government workers are a public-choice nightmare. Politicians will have ongoing incentives to reward unions lavishly for help in winning today's elections, while putting tomorrow's electorate on the hook for obligations that eventually can't be paid.

The zeroth rule of democracy: small, fanatically interested single-issue voter groups deliver elections. In local elections, these are often government workers.

[Link](#)

1 day ago

**Kamalesh Banerjee** wrote:

No wonder the state of California and its municipalities are broke.

[Link](#)

1 day ago

**Mike Husman** replied:

Oh if it were only California!! This is just the tip of the iceberg, you will be hearing stories like this from many other states and municipalities as the economy continues to sour over the next few years. All government has gotten drunk on spending as much of tax payers money as possible, and making sure that their retirement plans are the best in the world.

The sad part of all of this is that us tax payers will be bailing out all of these states that made stupid decisions like this.

Mike Husman

[Link](#)

1 day ago

**Atanu Lahiri** wrote:

Please bail out California! This pension is nothing compared to what Goldman execs got after getting bailed out by Govt (TARP + \$13B through AIG + several billions in guarantees since becoming a bank holding company).

[Link](#)

1 day ago

**JAMES WRIGHT** replied:

Fiscal conservatives do not want to bail out California or GM or Ford or Wall St. or Fannie or Freddie (or anyone).

[Link](#)

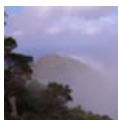
1 day ago

**James Zweitu** replied:

2 wrong don't make it a right, as your mother would say in this country.

[Link](#)

1 day ago

**Greg Kemnitz** replied:

Guys getting rich on Wall Street aren't the problem - and there's at least some chance they did it legitimately. This guy is getting rich by gaming the system and ripping off the taxpayers.

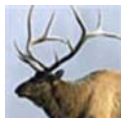
Frankly, state pensions should be sharply limited:

1. No more than \$60K/year in aggregate state pensions for employees and State officials, from the Governor on down.
2. No pension draws before minimum SS age.
3. No pension draws while working or otherwise engaged with the State, or working for a company that does business with the State.

If you want to retire early, fund a 403b.

[Link](#)

1 day ago

**J Scott** wrote:

No way should this be allowed anywhere, public or private. As the states go bankrupt each one should be forced to renegotiate all of these pensions to a much fairer (to the taxpayer) deal than agreed to by our knuckleheaded legislators.

[Link](#)

1 day ago

**E. Cruz** wrote:

I couldn't amass this kind of pension worth more than a few million even if I tried as a non government worker. These people that allowed this say it's legal but certainly not moral especially if others are suffering at their expense. Think of the programs that are cut because of these excessive pensions. God have mercy on them.

[Link](#)

1 day ago

**Gary Miller** wrote:

Thanks fro exposing this practice, so destructive to our financial well being. This nonsense has been going on for years here in California and is particulalry enjoyed by Cops and firefighters who are treated like royalty. My friend's brother retired as fire chief of a big California city a few years ago, in his fifties. He pulls down a six figure pension for life, and has gone back to work as a recruiter for municipal executives. This is the Golden State, alright if you are a public employee!

[Link](#)

1 day ago

Charles R. Ryan wrote:



This situation is BEYOND outrageous.

First this guy can retire at age 51 with \$241,000 a year – plus inflation adjustments and what other benefits? – from a fire district with just 72 full time paid employees and five fire stations in an area with a population of 42,000 people.

Then "In addition to drawing his pension, Mr. Nowicki currently is working for the fire department as a consultant at an annual salary of \$176,400 while the department searches for his replacement." That means this thief is being paid \$417,400 plus taxes and benefits. Why didn't the board just appoint the second most senior employee as acting chief?

Finally they're paying a headhunter to recruit the new chief – another \$75,000-100,000? – although they'll doubtlessly hire someone from with one of the adjoining fire districts if not from the same district. Can't the county HR people screen applicants for the fire district board?

Imagine how many thousands of outrageous government employee situations like this exist at the local, state and Federal levels that we never hear about. And every month the U.S. Congress passes another 1,000 page law nobody bothered to even read in order to expand this kind of thing.

Fire district: <http://www.mofd.org/index2.htm>

Job announcement: [http://www.averyassoc.net/Job%20Descriptions/Moraga\\_Orinda\\_FC\\_brochure.pdf](http://www.averyassoc.net/Job%20Descriptions/Moraga_Orinda_FC_brochure.pdf)

[Link](#)

1 day ago

david helmreich replied:



Charles,  
You are absolutely right on!  
It is way beyond outrageous. How so? I bet if you look deeper you will find it criminal.  
Anyone, and I mean anyone, who can in good conscience game the system to this extent (and a firefighter no less) has surely lost his moral compass a long, long time ago.  
He was the fire Chief.  
Investigate good old Pete hard and deep enough, go back and review all the contracts and purchases the department made over the years. I assure you you wont have to look long.  
Perhaps Pete wont be getting this insane pension for so long after all.

[Link](#)

1 day ago

Eileen Lai replied:

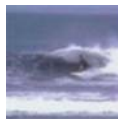


This is happening in my school district in Illinois. My school board just continue to rubber stamp these deals. They are all "friends". I'm sick of it.

[Link](#)

1 day ago

Suva Crew replied:



As a resident of this district...I'm blown away!! We formed this in 1997 and had this BULL included...so it's not decades of legacy. Our roads are thrashed, we contract with the Sheriff for protection, the firehouses look like mansions..only difference is there is a flag pole out front <http://www.mofd.org/Station44.htm>, we fund our schools through private donations to various feeder organizations because public funding is insufficient...and then have these clowns getting this type of income.  
WSJ is on the doorstep of many of the residents and they'll be ticked off today. Now I know why I have 2 County fire chiefs living in my neighborhood in \$1.5 million plus homes...

The fleecing of America at the hands of our public servants...NICE

[Link](#)

1 day ago

Dick Cherry wrote:





We have the same problem in our city here in Missouri an underfunded police fire pension fund. The professional unions lobbied the city government for higher pay during the good times and the city politicians not wanting to use current dollars for pay but on other projects opted to increase retirement benefits, after all the fund was making big money then came the crash and now we the city tax payers are threatened by the unions to make good on these gold plated retirements.

The city council of course wants to raise taxes instead of firing city employees. The city wants to believe we will come out of the depression next year they are of course mostly Obama supporters who are looking at the new socialized economy through rose colored glasses. In the end the city tax payers will pay even more for their foolishness. And the local voter involvement don't ask. We have the government we deserve.

[Link](#)

1 day ago

Jerry Cupples wrote:



CalPERS will pay 90% of an employee's maximum salary as a yearly pension for those who reach the 30 year mark. This type of entitlement is one of the major reasons for the California budget crisis. Pensions are guaranteed by law, and many if not most of the beneficiaries are union members. Then of course the elected officials are in the CalPERS plan. The payouts are absurd when compared to the (uncommon) private employment pensions - notwithstanding the sweet deals of corporate executives - but any political attempts to cut them will be impossible.

[Link](#)

1 day ago

MICHAEL LOCKHART replied:



It's not just pensions but total public employee compensation and benefits that are out of control. Can the people of California bypass the politicians and use their initiative process to change these rules?

[Link](#)

1 day ago

Michael Dowd replied:



This entire story is sick. Unfortunately, the public employees' unions have a choke hold on California's government. This is not going to get better anytime soon.

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# Pension Calculus Draws New Scrutiny

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1 day ago

D W wrote:



Spiking is an abuse of the pension system. NYC's EE Retirement System is a perfect example of this. I think they changed the spiking element since Tier III.

Link

1 day ago

Robert Meale wrote:



Let's see, \$1 million over 25 yrs is \$40,000 per year--this is the amount of the annual pension payments the fire chief earned by cashing out his accrued vacation and holiday time. The story is missing three key pieces of info. Is the pension paid on the basis of the high five years' pay, what is the accrual rate, and is there a cap on accrued leave that an employee may present for payment at retirement? Here, the 51 yo chief, who was earning \$186K, presumably jumped his pension from \$201K to \$240K per year by selling his unused leave. Let's guess he put in 30 yrs of covered employment. At an accrual rate of 3.6% per year, he would be entitled to about \$201K per year, using \$186K as his average annual earnings for calculating his pension. Let's say his average annual earnings are his high five years. To raise his payout from \$201K to \$240K, he would have had to raise his average to \$223,500, or about \$37,000 per year times five years. This would mean that his unpaid leave would have to be nearly \$200,000. I doubt, even in Calif, the good chief was entitled to 6-12 mos off every yr. My guess is that the plan document allows the chief to carry over too much leave time, rather than make him use it or lose it. So, perhaps the plan document needs to cap the accrual of leave to, say, 250 hrs carried over from yr to yr; excess leave is lost. Maybe the accrual rate needs tweaking so that the rate for management is below that of that of firefighters, who are facing peril on a daily basis. Perhaps the plan document needs to extend the number of yrs included in calculating the average annual earnings, so that a sale of unused leave doesn't have such a dramatic effect on the employee's pension.

In Florida, a rank and file state worker accrues at 1.6% per yr and may sell back, I think, 240 hrs of unused vacation and 1/4 of unused sick time. If this worker earned \$186K/yr--and precious few state employees earn anything near that--his pension at 30 yrs would be \$89,280. By selling 1.5 mos of unused vacation time and maybe the same in unused sick time, he would raise his salary in his final yr to \$232,500, his average annual earnings (i.e., his high five years') to \$195,300, and his pension to \$93,744--less than \$5000 per yr.

To some readers, the story's lack of detail may suggest a wider-scale problem. Hypothesizing the missing details reveals that the problem is really one of this public pension program in Calif.

Link

1 day ago

RALPH CARUSO wrote:



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This is not a new problem, there are many contracts particularly with Police and Firefighter Unions that tie pensions to a 100% of their last year's salary. I worked for a large corporation for 28 3/4 yrs. My pension was based on the average of my last 5 years and 1.5% per year of service. I received a pension of 35% of my last years salary. All the way back in the late seventies there was an article that the driver for the chief of police in NYC received a pension of \$36,000 per year because he had substantial OT in his last year. The other factor is that all of the public sector defined benefit pensions have built in raises for inflation. I have received one 1% raise in 15 years on my private corporation pension. We as a nation can no more afford this than we can "Cap and Tax" and the current version of "Health Care Reform".

rhc26

[Link](#)

---

1 day ago

**Matthew Szekely** wrote:



The subject of the story will probably live another 30+ years, not the 25 years mentioned in the stories (per mortality tables I found on line). It's funny that the crowd that clamors for "sustainable" development falls silent on the question of "sustainable" pensions.

[Link](#)

---

1 day ago

**Joanie Krubski** wrote:



I love the guy says "I did not make the rules"-that is what they are all trained to say. It is a shame that all the little weasel alderman, boards of finance, etc who "negotiated" over the past 25 years cant have assets attached. Most of them are "townies" who are just looking to build their legal or real estate business and who have so many relatives and friends employed(not to mention themselves in many cases) that they wont rock the boat. I made a present value presentation many years ago at my town and the blank stares coming back told me all I needed to know. Ironically, if a private business promised these benefits without funding them, there would be attachments of property and jailtime.

[Link](#)

---

1 day ago

**Brian Shapiro** wrote:



Here is how a peson can knowingly game the California firefighter pension system to maximize retirement pension benefits: (1) Don't take vacations, thereby maximizing the vacation sell-back so that one can earn many times more than the forgone vacation over the projected 30-40 years of retirement, and (2) retire as soon as possible (e.g., January), so that it is legal to sell back that whole calendar year's vacation time. This individually selfish behavior doesn't just coincidentally happen. It is strategically planned.

[Link](#)

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1 day ago

**Gordon Boyd** wrote:



Unsustainable. I worked for the State of New York for 13 years, 1975 through 1987, and signed into the now-closed Tier 2 pension plan. Defined benefit. No employee contribution. Today my pension benefit includes my family health coverage for the same cost as state employees, about \$2,500 per year, value about \$14,000. Plus, I receive about \$400 per month cash. Total value \$18,000+. If I'd saved up for an annuity that would guarantee me that much for life, I would have had to set aside about \$300,000. I did not even gross \$300K the whole time I worked for the state. Started at about \$10K, got raises of \$500 or \$1,000 per year, then a couple of promotions put me at \$45K and \$52K before I left and started my business. So it was as if the state put a dollar+ in the pension kitty for every dollar they paid me. Ridiculous.

Another thing. The Republicans here are as guilty as the unions and the Democrats for perpetuating this house of cards. They seek and get union support, and they sponsor the bills that have kept Tier 2 open to all new police and fire recruits but have been closed to all other public employees since 1976. Gov. Paterson finally vetoed this year's "extender", first Gov to do so.

Now the NYS Comptroller, sole trustee of the pension system, has projected that local government and state pension contributions will rise to 29% from 7% of payroll by 2015, to make up the losses since last summer.

Until at least one of the major parties takes an interest in fiscal responsibility, there will be no solution.

[Link](#)

---

1 day ago

**Andrew Cosentino** replied:



Don't forget the annuity plan offered to the teachers in NYS, whereby they get guaranteed rates of 7%. That's unheard of, completely out of market - guaranteed rates and return of principal. Who pays for this? Joe Taxpayer? - they need to run all public officials out of office.

[Link](#)

1 day ago

**Andrew McDevitt** wrote:



The solution to this "spiking" problem is to sunset public employee pensions all together and let public employees participate in 401(k) 403(b) style plans like private sector workers. Let everyone be in charge of their own retirement saving and take power away from pension mangement entities like CALPERS and the retired legislators that end up on their Boards. These long-term public employee legacy costs are going to kill our state/local budgets in the long-term.

[Link](#)

1 day ago

**Eileen Lai** wrote:



"It's only a minority of workers who engage in pension spiking," said Lawrence McQuillan, a director at the institute. "But it adds up to real money."

B.S., this happen in everywhere, my school board does the same kind of spike in Illinois. I'm sick of it!

[Link](#)

1 day ago

**Vincent P. Emmer** wrote:



Another clear example of government teaming up with special interest groups to abuse the taxpayer.

[Link](#)

16 hours ago

**Roger Brown** replied:



Not true.  
Taxpayers voted for the abuse over many years.  
Taxpyers are responsible for the state budget debacle in CA, NJ, NY ....  
Just as Taxpayers provided the margin for the Obama win and a Dem Soc economy.  
We the People are responsible.

[Link](#)

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# Pension Calculus Draws New Scrutiny

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1 day ago

Matthew Szekely wrote:



Here in Austin the corrupt and unaccountable city council spiked the pension of our former city manager. She was given pension credit for a few years she worked as a contractor. Her pension would have been six figures anyway, but was raised considerably. She retired in her early 50s. We will pay her pension for decades.

Link

1 day ago

Sarah Olexsey wrote:



Why does this happen? 1) It must be hard to recruit public employees, so you must need to give them these insane benefits to lure them away from the private sector. What can you offer them? Job stability, lots of vacation they'll probably never use, lots of holidays, decent wages, insane benefits. 2) Legislators don't have this job stability, so they do what they can to get re-elected. We often only have two choices. As someone said before, one-issue groups can really get out the vote!

Link

1 day ago

James Fay wrote:



Paying the pension amount is one thing, that being controlled by pension law and contract. But there was NO NEED WHATSOEVER to pay him as a "consultant" at \$176,000! There's more to this particular story that even the usually on-the-ball WSJ missed.

There was a reason why this chief retired as abruptly as he did: he may have, after a certain date, lost some accrued money which would have affected his final pension numbers negatively. So, to off-set that, he retires before the "drop-dead" date, keeping whatever pension dollars he would have lost, and stays on as chief as a "consultant," collecting the pension AND the "consultant's fee" of \$176G. What a scam!

What makes this chief so great that only HE can be chief until someone else is found (that is, if ANYONE else can be found? After all, he's getting \$176G a YEAR, so he has to hang around for at least a year to collect the full amount). ANY OTHER Fire Department would have sent him on his way with his pension and either appointed another chief right away or made an Acting Chief (with no additional money being paid) until they did.

It appears to me that the local politicians who seem to be rather cavalier about this "consultant's fee" may be in cahoots with the chief, knowing full-well what they are doing is totally unnecessary.

Note to WSJ Reporter Graig Karmin: there's more to this story behind the scenes. Maybe a follow up is needed.

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1 day ago

**Peter Quilici** wrote:

What's going on in California is common in states with high population areas. Pension spiking has been a problem in my home state of Illinois for decades, and the politicians will do nothing about it. A twist on spiking is a transfer of a political loyalist to a much higher paying position shortly before retirement. Sometimes a position is created solely to provide the boost. A few months in the position and voila, a higher pension based on the higher salary. Illinois sold \$10 billion in pension obligation bonds for its state employee pension plans in 2003, and now it is borrowing another \$3.5 billion for the same purpose. This like the credit crisis many saw coming years out. The resolution will be ugly when the regular folk figure out what has been going on for decades.

[Link](#)

1 day ago

**jude moriarty** wrote:

I'm sure this is the TIP of the iceberg nationwide and WE the taxpayers are footing the BILLS for local/state and FEDERAL pensions! Meantime Future World has (see Auto Czar Steve the RAT) an illegal bankruptcy paying 100% on the dollar to Morgan/Citi and all others thrown to the winds. They were paid CASH --which happened to be the pension/health benefits worker had paid in over decades. NEW HIRES are temp/part time NO pension/ no health care at an astounding 12 BUCKS per hr.

This is the NEW work a day salary. Meantime local - state - federal - CEOs are cleaning up and WE PAY!! Bush got a cool one million per year with pension - office expenses (ha) and of course life time health. Fed employees (PRES - all others) are in a PROTECTED health plan which means they DON'T get notices NOT COVERED - obscene premium increases /co pay! The Supreme Court gets their FULL salary as pension / political hacks have SS and two other PENSION plans (we subsidize one of these) with YEARLY cost of living increases. NO they are adamant that whatever health plan is passed they are NOT part of it thank you.

Ah - forget that 'Promise' of Obama's that WE were going to have the SAME as he and HIS family (mere campaign rhetoric like ALL the rest). NOTE all of these bozos be it local etc are indignant that it's all LEGAL / not moral mind you but LEGAL ---NOBODY is worth a quarter of a MILLION (for God's sakes) pension and THEN (gag) a 176,000 as a consultant!! Little wonder California and all the states are going belly up!!

HE'S just ONE - meantime there are (CNN) documented accounts of citizens DYING on the floors of ER rooms! Imagine in Super Power - We're number ONE !! When health and people's lives are for PROFIT ----multitudes will DIE for the sake of GREED. Both plans (REP and DEM) keep the pigs at the trough served (Insurance - HMOs - Big Pharma) --We waited all these long years for NOTHING - the Dems can NO longer blame the Republicans - they're all lap dogs - toadies and shills of Wall St / Corporate Hucksters.

[Link](#)

1 day ago

**Lloyd Angel** wrote:

Legal fraud! But that's O.K. The big "O" will come to the rescue with your tax dollars.

[Link](#)

1 day ago

**Dwight Smith** wrote:

The fact that the local municipalities as well as the California state governments have not reworked this 'free ride' tells us all how interested the politicians are in truly fixing 'the system'.

Now if we can get the voters to understand that the politicians have been buying support like this for years by promising these unions access to our wallets - then we can start a legitimate debate on the real need for CHANGE!

Not the Obama kind - the fiscally prudent kind. Companies have moved toward the defined contribution pension model - public entities should as well. These types of gaming activities should not be rewarded by archaic rules of engagement. If the chief wants to retire from the service at 51 - he should either be independetly wealthy (or have a rich wife) - or plan to work elsewhere for a few more years - like the rest of us.

[Link](#)

1 day ago

**Jeff Stiegler** wrote:



Our former police chief in the small town of Paso Robles, CA, was hired in 1997 at an annual salary of \$68,000. He retired 4 years ago and with pension of \$122,000 yearly. He will collect this amount until the day he dies.

[Link](#)

1 day ago

**Sangam Singh** wrote:



Our Tax Dollars At Work.

[Link](#)

1 day ago

**chris witt** wrote:



Hopefully he expires soon, so that the pension goes to zero.

[Link](#)

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# Pension Calculus Draws New Scrutiny

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1 day ago

chris witt wrote:



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1 day ago

chris witt wrote:



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1 day ago

George Victor wrote:



One of many reasons to get the heck out of California before the doofus dems totally bankrupt the state. But wait! Awwww, too late.....

Link

23 hours ago

Peter Frosini wrote:



That's called "spiking" and "double-dipping!"

Link

23 hours ago

ROBERT GROSS wrote:



The way this guy played the CA pension system is nothing compared to what goes on in NJ...

Link

23 hours ago

## Video

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Keeping Lights On in Recession 3:16

Lawmakers To Push Bernanke On Regulatory Powers 2:24



Rebecca Slayman wrote:



Does California also have a NON-qualified pension plan? I asking because under IRS rules, the maximum annual retirement benefit for 2008 for a qualified plan cannot exceed \$185,000.

[Link](#)

18 hours ago

Marcia Fritz replied:



the IRS limits only apply to those hired after 1994. I just checked with CalPERS. :(

[Link](#)

23 hours ago

**Byron Walker** wrote:



Great investment. Bank your sick days. Lets assume you begin doing that early in your 30 year career. If you are making \$100/day (\$22K/yr), but you cash out 30 years hence with those sick days worth \$1000/day (\$220k/yr) as the value is grossed up to your current pay rate. That's an 8% tax deferred return over 30 years! Then you get a percentage of the ballooned value of those sick days for the rest of your life! Where are the controls on these practices? Further, if this guy was so good, why hasn't he found a replacement ahead of his retirement. There is no way these practices can continue forever, there isn't enough money in the world to pay for them.

[Link](#)

23 hours ago

**ROBERT GROSS** wrote:



One more comment, this fire chief is a class act...he cant seem to live on \$240,000 so he had to sell his services as a consultant for an extra \$170,000 (he gamed the system and taxpayers so well, retire before anyone can find a replacement and then collect an extra fee while they "find" someone), while the real firefighters are forgoing raises and being responsible...greed is alive and well

[Link](#)

20 hours ago

**NIKOLE HOGUE** replied:



While I think whole article explains what's wrong with Cali, I don't have a problem with the working while collecting a pension.

If they don't hire him, they would be paying someone else, so we're not talking about extra taxpayer dollars being spent.

If he finds a private sector job, he's earning a salary while collecting a pension, so I don't have an issue with this particular aspect...

[Link](#)

23 hours ago

**John Ingham** wrote:



This is one reason why the current budget stalemate needs to result in a meltdown and bankruptcy of CA. Rewrite the rules and renege on the current arrangements. It is not sustainable so lets rip the long overdue band-aid off now.

[Link](#)

23 hours ago

**Hank Rearden** wrote:



Here lies America  
R.I.P. 1776-2009  
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23 hours ago

Jason Barardo wrote:



All I can say is...WOW!!!! What a scandal. That fire chief has balls of steel pulling that stunt in these economic times.

[Link](#)

22 hours ago

Cary Klafter wrote:



Just another government example of what is decried in corporate executive compensation. The pension calcs get jimmied and guaranteed so that actual work history no longer becomes the relevant basis for the pension. In the case of government, of course, it is the taxpayers rather than stockholders who pay the bill; conveniently, there is no cause of action allowed to sue the government for agreeing to these sweetheart deals. Send a copy of this to Barney Frank and Chuck Schumer and see what they have to say about it.

[Link](#)

22 hours ago

EDWARD L SHANNON wrote:



Public Pension Pigs have been sucking the life out of the taxpayers for many years and now the well has run dry and everybody wants to know why.

[Link](#)

22 hours ago

Thomas Grabenstatter wrote:



The so-called Pension Protection Act (of 2007?) offers a remedy. It allows pension sponsors to implement a "conversion" to a cash-balance account. Under this arrangement, the pension provider calculates the accrued, to date (i.e., today) present value of any earned benefits. This present value becomes a cash-balance that is placed in an employee's account. This account earns some rate of return, that is augmented by an amount that ranges from 1% to 7% per year of additional employment, depending on the employees age.

Take a look at it; it represents the most likely solution to this over-promised fairy dust. It is also probably the most reasonable, and actually fair, resolution to this impossible situation.

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22 hours ago

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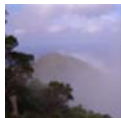
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Lawmakers To Push Bernanke On Regulatory Powers 2:24

**Greg Kemnitz** wrote:



Somewhere in all that "pension calculus", we divided by zero.  
[Link](#)

21 hours ago

**JOHN BISSET** wrote:



As a former resident of this fire district and also someone who still owns property there, I am furious over this.

This area is bounded on three sides by open space that is prone to wildfires. Some time ago we voted in additional property taxes to pay for better fire protection, which a lot of people would say is the right thing to do. Our reward for this is to get ripped off by this guy's union.

The public employee unions are run by a bunch of socialist gangsters and the state is dominated by the most dishonest, corrupt political party this country has ever seen. The only thing the Democratic legislators are interested in is keeping the gravy train going so they get their kickbacks in the form of campaign contributions. The legislators are superfluous. Since the Teacher's Unions sets education policy, the Firefighter's Union sets fire fighting policy, the Prison Guards Union sets prison policy, the Engineer's Union sets infrastructure policy, etc., what is there left for the legislators to do? Their only job is to keep the graft flowing.

[Link](#)

21 hours ago

**JOHN BUSCO** wrote:



And then there's pre-retirement disability (not begrudging anyone with a genuine on the job injury or accident)

"Although a greater percentage of San Jose police and firefighter retirees are on disability pensions than in any other large California city, a consultant paid to look into the matter has concluded there isn't a problem.

...

Officers and firefighters have a financial incentive to seek disability retirements. If approved, more than half their taxpayer-funded pension becomes tax-free for life, a break that can be worth \$10,000 or more a year."

[http://www.mercurynews.com/cj\\_5182616](http://www.mercurynews.com/cj_5182616)

And speaking of double-dipping, from

"Former top San Jose officials work elsewhere while drawing six-figure pensions"

[http://www.mercurynews.com/ci\\_12818004](http://www.mercurynews.com/ci_12818004)

there is the case of

Dale Foster, 60

Retired: Foster retired in 2005 from his \$160,962-a-year position as acting San Jose fire chief after the city tapped Gilroy's then-chief, Jeff Clet, for the top job. Foster had spent 32 years with the San Jose department.

Today: Foster, whose \$160,803 annual pension four years into retirement nearly equals his former pay, has taken Clet's place as Gilroy's fire chief, where he earns \$158,212. Last year, he earned \$174,300 before cash-strapped Gilroy imposed furloughs that reduced pay by 9.2 percent.

[Link](#)

18 hours ago

**Marcia Fritz** replied:



San Jose has a higher disability rate than other cities because those injured/disabled on the job get 85% of their pensions tax-free. Most other cities' allow "only" up to 50% tax-free for disabled pensioners.

[Link](#)

19 hours ago

**Penny Lee** wrote:



Many think you can't get rich being a government worker. This story about a retired Fire Chief getting \$241,000 plus \$176,000 consultant salary should put that myth to rest. I urge all young kids to aspire to work for the government for 30 yrs and retire in early 50's with a 6 figure pension. Beats the heck out of retail business I'm in. My only option is work until I drop.

[Link](#)

19 hours ago

**Craig Bradley** wrote:



AMERICAN GREED

Chief Nowwicki's explanation is inexcusable. He concedes the "system is broken" but then he willingly and wantonly took full advantage of all the loopholes entitled to him. The system encourages greed and people in his position are often just as greedy as anyone at Goldman Sacks or Wall Street. America is fast running out of time to "fix the system". If it ever crashes or collapses, there will be He"! to pay.

[Link](#)

18 hours ago

**Marcia Fritz** replied:



Pension trustees have known about this abuse for years and have remained silent. We've only gotten access to the NAMES and PENSIONS this year and had to go to court to get it! Now these trustees can't hide the truth.

[Link](#)

18 hours ago

**Marcia Fritz** wrote:



The governor formed a public employee benefit commission two years ago to study the increasing trend of retirement costs and make recommendations. A taxpayer advocacy group presented a list of 25 ways to spike pensions at their public hearings and every pension system admitted that vacation cash-outs are pensionable wages. But no one, not legislators, not pension board trustees, not committee members proposed legislation to stop this unnecessary abuse that serves no one.

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# Pension Calculus Draws New Scrutiny

Article

Slideshow

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16 hours ago

Joe Cleary wrote:



Wait till they investigate the corrupt NJ program

I make no excuse for the giveaway detailed in this article-- but at least this guy is a fireman and deserves some pension.

Here in NJ- political hacks work "part time" jobs gaining years of credit making a just a few thousand dollars a year. Then these same freeloaders get appointed to a BS state board ( we have scores of such boards-- BPU, Insurance etc- you name it-- they never get cut back despite NJ being essentially bankrupt) or the like and make say 125,000 a year for showing up a dozen times a year. Voila someone who never should have collected any pension get an \$80,000 pension after making \$8,000 a year and 2 to 3 years as a board member.

Everyone knows it - no one does a thing about this abuse.

ugh

Link

16 hours ago

Vincent L. Tessier wrote:



Can you say, "Greedy ba\$tar\$ds", boys and girls? I knew you could.

Link

14 hours ago

Pat Burke wrote:



Nice article. Below is a link to a Civil Grand Jury report in Marin County, CA issued in 2005.

[http://www.co.marin.ca.us/depts/GJ/main/cvgrjr/2004gj/RetirementReport\\_Final.pdf](http://www.co.marin.ca.us/depts/GJ/main/cvgrjr/2004gj/RetirementReport_Final.pdf)

California police and fire unions started getting out of control when Gray Davis was governor. City, county, and state elected officials have found that the path to election is to promise public employee unions their hearts' desire. Recent stock market troubles will compound pension problems, but we can rest assured that our elected officials will not face the music a moment sooner than necessary.

Link

3 hours ago

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Byron Walker wrote:



News item: Atlantic City's police chief, John J. Mooney, has an annual salary of \$206,578. Fire Chief Dennis Brooks earns \$196,000. – The Press of Atlantic City, July 8, 2009

Both chiefs also get jobs of vacation, sick and personal days each year, free medical care for the whole family, and free city-owned cars with free gas and insurance. After 25 years of public employment (usually by age 47), each chief, like any cop or fireman, can retire at two-thirds of his highest salary plus free lifetime medical care. Most retiring chiefs also get huge lump-sum cash payments for their unused vacation, sick and personal days. What underling marks his or her chief absent for not showing up, or showing up late, or leaving early? When a chief retires (usually within five years), the process is repeated.

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