Pension duty

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Riverside's switch to a cheaper pension plan for some new employees is a good start, but the city needs to do more to slow the rapid acceleration of retirement costs. The City Council should expand the savings to cover all new hires, and make changes that cut the expense of existing workers' pensions, as well.

The City Council has taken some initial steps to reduce the city's growing retirement burden. The council in January approved an agreement with fire employees that set up more affordable pension benefits for future workers, and in February adopted a similar approach for executive employees. But those groups only represent about 670 of the city's 2,400 workers, which limits the savings.

Riverside's bill for retirement benefits this year is $55.4 million, but that will jump by $8 million in 2011-12. The city's tab for annual pension contributions is on track to hit $75 million by 2013-14 -- more than three times what Riverside paid just a decade earlier. Retirement costs will amount to 45 percent of the city's public safety payroll by 2013-14, which leaves less money available for police and fire protection. And those trends show no sign of slowing without reforms.

Reining in retirement costs requires the city to reach agreement with the unions representing the rest of the city's employees. But employees should realize layoffs or program cuts are likely, absent pension savings. And city unions should not count on public support for maintaining existing benefits. Taxpayers will have little interest in watching city services deteriorate to protect lucrative public pensions -- particularly when those benefits are far more generous than anything taxpayers themselves can expect to receive.

The city's plan calls for raising the city retirement age from 50 to 55, and reducing the amount of pensions most workers could accumulate. The new system would base pension calculations on the final three years of salary, instead of a single year, thus curbing manipulations that artificially inflate benefits. And the city would no longer pay employees' share of retirement costs -- 8 or 9 percent of salary, depending on the worker.

City officials say such changes would save Riverside $50.4 million over the next five years, and more than $566 million over 20 years. And about 60 percent of those savings would occur in the city's general fund, which pays for police, fire and other services.

Those reforms would only apply to new workers, however. Riverside could cut expenses even more by adjusting the rules for existing employees. The city should not pay workers' share of retirement costs, for example; ending that practice would provide immediate, substantial savings. And the city should base all pension amounts on multiple years of salary, not just one, to avoid pension spiking.

Or Riverside could continue to let sharply rising retirement costs squeeze out other spending. But trading public services for unsustainable pension benefits is a deal that defies rational justification.