**Brown urges pension fund to address rising costs**

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SACRAMENTO, Calif. — SACRAMENTO, Calif. (AP) - Gov. Jerry Brown on Wednesday urged California's largest public pension fund to act quickly to address rising costs caused by retirees' longer life expectancies, saying failure to do so would widen the fund's liabilities by billions of dollars.

In a letter sent to the board of the California Public Employees' Retirement System, he urged members to acknowledge the demographic changes immediately and phase in the costs over three years rather than waiting two years, as CalPERS' staff recommends.

"No one likes to pay more for pensions, but ignoring their true costs for two more years will only burden the system and cost more in the long run," Brown wrote.

The pension fund is $45 billion in the red and will grow by $9 billion because of retirees living longer, the letter said. New projections show the life expectancy of retirees growing as much as two years.

CalPERS staff will make formal recommendations to the board next week and has been reviewing its assumptions about contribution rates and retiree life expectancy, the fund said in a statement issued in response to the governor's letter.

In December, CalPERS staff recommended using new assumptions in setting contribution rates for the 2016-17 fiscal year.

The governor's letter said waiting two more years will lead to an additional $3.7 billion in costs over the next two decades. H.D. Palmer, spokesman for the state Finance Department, clarified that the figure refers to costs associated with delaying changes to projected investment returns, life expectancy and contribution rates.

Palmer said the state is looking to start paying higher rates as early as this summer. Earlier payments mean more interest to pay for growing pension costs.

The board must consider the economy, financial markets and the ability of government workers and agencies to pay more for pensions, CalPERS wrote in its statement. The fund, with more than 1.6 million members, provides retiree benefits for both state and local government workers.

Brown has faced criticism from Republican lawmakers for not addressing another pension problem in his proposed 2014-15 budget: an $80 billion teachers' pension shortfall. The Legislature sets contributions for teachers' pensions but has no direct say in setting contribution rates for CalPERS.

CalPERS has increased contribution levels twice in the last two years.