



Pennsylvania AFL-CIO

PUBLIC EMPLOYEE RETIREMENT SECURITY

The Avg. Public Pension = \$24,000 a Year

- A majority of employees contribute 6.25% and 7.5% of their incomes to SERS and PSERS, respectively. In fact, in a national comparison with other state-sponsored pension plans, **Pennsylvania employees contribute 40% more** toward their retirement benefits than public employees in other states.¹

Public Pensions Help Sustain Local Businesses and the PA Economy²

- For every \$1 contributed to public pensions by employers, \$7.95 is generated in consumer spending. Pennsylvania actually ranks **second in the nation** in terms of economic activity stimulated by public pension spending.

Switching to 401(k) Plans Will Create a Larger Tax Burden³

- The cost of maintaining a defined contribution, 401(k)-type retirement plan would be 46% more expensive than traditional Defined Benefit pensions like our current system. This figure doesn't even take into account the additional expense of transitional costs. Moving to a 401(k) system would also do nothing to solve the current unfunded pension liability that resulted from a weak economy and negligent employer contributions.

Our Current Public Pensions Protect Retirees from Poverty⁴

- Switching to defined contribution plans will leave more of our retired family members, friends and neighbors in poverty. A 2012 study indicates that on average, moving from a defined benefit to a defined contribution plan will raise the poverty rate among seniors by about 30%.
- It is a disgrace to allow greedy Wall Street money manipulators to cheat honest Pennsylvania retirees who worked hard for their pensions.
- **All employees** deserve a Defined Benefit plan that will allow them to retire with dignity.

Allow Act 120 to Work

- Act 120 puts the Commonwealth on a path to achieve fully funded pension plans in the future.
- Act 120 was very clearly a case of shared sacrifice by all stakeholders—Employees will pay more for less benefits, and the employers are committing to funding the pension plans on an actuarially sound basis.

Questions about preserving retirement security in Pennsylvania?

Call Jen Blatz, Pension Coordinator, PA AFL-CIO at 717-231-2871 or 617-501-9470

Prepared by the Pennsylvania AFL-CIO Legislative Department
Richard W. Bloomingdale, President—Frank Snyder, Secretary Treasurer

¹ Figure refers to public school employees.

² Boivie, Ilana. "Pensionomics: Measuring the Economic Impact of DB Pension Expenditures." The National Institute on Retirement Security, March 2012.

³ Almeida, Beth and William B. Forna. "A Better Bang for the Buck: The Economic Efficiencies of Defined Benefit Pension Plans." The National Institute on Retirement Security, August 2008.

⁴ Porell, Frank and Diane Oakley. "The Pension Factor 2012: The Role of Defined Benefit Pensions in Reducing Elder Economic Hardships." The National Institute on Retirement Security, July 2012.