



Pennsylvania AFL-CIO

Public Employee Retirement Security

The Average Public Pension = \$24,000

- 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.

Public Pensions Help Sustain Local Businesses and the Pennsylvania Economy

- 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 Burden

- The cost of maintaining a defined contribution, 401(k)-type 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 expenses of transitional costs. Moving to a 401(k) system would also do nothing to solve the current underfunded pension liability that resulted from a weak economy and negligent employer contributions.

Our Current Public Pensions Protect Retirees from Poverty

- 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.

Act 120 Keeps the Promise of Retirement Security

- 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

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