

PENSIONS BENEFIT TAXPAYERS:

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Public pensions offer good value for taxpayers. In addition to providing modest but secure retirements for public employees -- emergency responders, firefighters, health care workers, teachers, police officers and more -- defined benefit pension plans help provide vital public services and stimulate the economy. The average annual benefit for a public worker, who has spent a career working for our communities at modest salary, is about \$20,000, according to an opinion piece in *USA Today*.

On average, taxpayers fund only 25% of the pension benefit; employee contributions and investments make up the rest. While a handful of public pension plans are experiencing funding shortfalls, most are working well. Employers should be required to make regular contributions, which would solve the problem of shortfalls and protect the system that works for employers, employees and taxpayers.

Some proposals would only make matters worse. States that have experimented with the private accounts, for example, saw lower investment returns -- nearly a 50% reduction. Florida, Nebraska, North Dakota and West Virginia all tried private accounts, but they left taxpayers footing the bill. When private retirement investment plans fail, they leave retirees more reliant on governmental financial assistance, costing taxpayers more in the long run and hurting our communities. Public pensions create almost \$360 Billion for the economic activity and 2.5 million jobs. Shifting to a private system would have a dramatic and detrimental impact on local economies because businesses depend upon the stimulus of investment income from public pension systems. In California, switching to a system of private accounts could cost citizens \$7.6 Billion. Experimenting with a system of private accounts could put vital public services at risk and cost taxpayers significantly more for at least ten to fifteen years. All Americans should have retirement benefits that they can count on, not to gamble with private types of 401(k) plans run by the same Wall Street bankers who drove our economy into the ditch.

Pensions are proven and critical tools to provide public services, stimulate the economy, secure retirement for public employees and provide the best value for taxpayer dollars. Pensions work, so they should be preserved in order to create retirement security for everyone who works hard for a living.

The author is President of [American Federation of State, County and Municipal Employees](#).