



AFSCME Legislative Agenda 2017

Protecting Retirement Security

Defend Defined-Benefit Pensions for Public Workers

We've deferred our wages for a guaranteed pension that allows us to retire with dignity. But our retirement security is continually under attack by the Center of the American Experiment, whose stated mission is "to design road maps to transition pension plans into defined contribution plans." Their attack on our defined benefits is bankrolled by ALEC. It's alarming because our pensions are legislated, not negotiated.

AFSCME retirees have modest pension benefits of about \$14,000 a year. Combined with Social Security, it's the difference between dignity and poverty. In fact, 90 percent of retired public workers stay in Minnesota, where every dollar invested by taxpayers in public pensions supports \$9.98 in economic activity.

Benefits are better than contributions, when it comes to pensions. Most AFSCME members have a defined-benefit pension. That means your retirement income is guaranteed no matter what happens in the stock market or how long you live after retirement. Like Social Security, you know how much money you will receive every month for the rest of your life. Under ALEC's contribution plan, you would lose your guaranteed retirement income. Your savings would be subject to investment risk and your benefits would depend on your ability to save. Like a 401(k) plan, it's likely your savings would run out before you die.

While sometimes painful, AFSCME members have supported every comprehensive pension reform over the last decade. We did that by increasing our employee contributions and capping our benefit increases. Our responsible actions resulted in \$8 billion of savings to ensure there are sufficient funds to pay promised benefits.

Rest assured that Minnesota's public pensions (MSRS, PERA and TRA) are well managed and in much better shape than critics suggest. The three systems have \$63 billion in assets, of which 85 percent comes from investment earnings and worker contributions. There's no reason for taxpayers or public workers to panic.

Action – Ask your legislators to:

- **Defend defined-benefit pensions for public workers.**
- **Oppose any reduction in employer contributions and/or changes in eligibility criteria that would exclude members from being eligible for a pension.**