

## Public pensions are not the enemy

So why does Gov. Cuomo's plan vilify middle class retirement security?

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Andrew Cuomo presents his executive budget, which proposed significant pension reform.

We hear all the time about exorbitant public-sector pensions, which leads many to believe mistakenly that retired nurses, firefighters, teachers and others are wealthy. We don't hear that the average benefit for a member in the largest plan in New York — the New York State and Local Retirement System — is \$19,000 a year, or that 76% of these pensions are less than \$30,000 a year.

There is no doubt that state and local governments face difficult budgetary decisions, which has fairly brought all spending under greater scrutiny. But some corporations and their messengers have tried to capitalize on the pressure created by the short-term economic crisis to advocate for the permanent decimation of benefits in the public sector. They seek to complete the rollback of pensions and the shift to insufficient 401(k)s that has already taken place in the private sector — driving a stake in the heart of the defined benefit pension as we know it.

This is audacious, considering that corporate greed and misconduct caused the collapse of the economy, the budget crisis and billions in pension losses in the first place.

Now, even though it will not produce any savings to help address the current budget deficit, [Gov. Cuomo's](#) executive budget includes a new pension tier with an "optional" 401(k).

In reality, there is no option in this plan, as the new tier would obliterate the defined benefit plan, slashing payouts and making employee contributions unaffordable. The new defined benefit "option" would require employees to work longer, pay up to double in base employee contributions and pay even more if the stock market declines — all to get less in their pension. What sense does that make?

The 90 years that the state has been providing pension benefits demonstrate that the system works. Pensions are long-term vehicles that should not be overhauled with every change in the political wind.

It's not as though public employee unions are resisting any and all change. They did their part and agreed to a new pension tier just two years ago that is projected to save \$35 billion over 30 years. This is on top of wage freezes, furloughs, increased health contributions and layoffs.

But where they draw the line — as well they should — is in eviscerating retirement security entirely.

Far too many workers have learned the hard way that a 401(k) is not the answer to long-term economic security. Such retirement plans place all the risk on the shoulders of workers. If Wall Street collapses when they retire, they're simply out of luck.

There's another problem: cost. I don't doubt the ability of working men and women to decide how to successfully invest their retirement savings — provided they can afford professional assistance. They'll have to add that burden to the cost of rent, utilities and prescriptions.

A financially secure retirement is slipping away from the American worker. According to the National Retirement Risk Index, a project of the Center for Retirement Research at Boston College, more than half of American workers are at risk of not being able to maintain their standard of living in retirement. This retirement insecurity comes at a time when the number of people with pensions has declined, particularly in the private sector, with 401(k)s becoming many workers' sole retirement savings vehicle.

Yet, although data from multiple sources indicate that 401(k)s are inadequate, their stranglehold continues in the private sector — and that dominance is used as the rationale for reducing public-sector pensions. It's a race to the bottom that's inappropriate and unconscionable.

*Cilento is president of the New York State AFL-CIO, the largest state labor movement in the country, representing 2.5 million workers in 3,000 union affiliates throughout the state.*

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