

Traditional Defined Benefit Pensions:

A Tried & True System That Benefits Everyone, Including Taxpayers

The traditional public pension system is a **cost-effective, proven and stable method** to attract and retain qualified people needed to provide critical public services. It is the **best way to ensure taxpayers can continue to reliably receive vital services.**

Qualified and experienced workers are needed to deliver vital public services such as:

- Emergency & First Response – Medical, 911, Disaster Relief
- Police Protection
- Firefighting
- Healthcare Services
- Child Welfare Protection
- Health Inspections
- Forensic Investigations
- Education for Children K-12 and College
- Prison & Correctional Services

Providing a modest pension for public servants helps retain and recruit the workforce needed to ensure the continuous and cost-effective delivery of these vital services. A new system could put at risk vital public services and would result in higher required wages and additional training costs.

The system is cost-effective.

The traditional pension system is the most **cost-effective** solution to ensure taxpayers continue to receive vital services.

Taxpayers contribute **less than 26 cents for every dollar of public pension revenues.** The remainder is funded by investment income and employee contributions. In fact, most state and local workers are required to contribute regularly to their public pension benefit – unlike most corporate pension plans.

The system is proven, stable and efficient.

The current system has worked for **more than 100 years.** It is a proven, critical tool to ensure taxpayers reliably receive services from experienced workers.

The traditional pension system is **efficiently managed** by professionals. Administrative and investment costs are far lower than they would be with a new system of millions [thousands] of individual private accounts. The \$3 trillion dollars of assets in these systems provide a vital economic stimulus to our communities.

The traditional pension system also provides a **modest** and reliable retirement income for people who have spent a career working for the public good. The **average** retirement pension is about \$19,500 per year. Most private accounts earn lower investment returns than the traditional plan, which translates into lower retirement income. For an employee to have that modest benefit through a 401k, he/she would have to save \$300,000 over his/her working career. Currently the average 401k savings for Americans is around \$55,000 which would net a \$3,000 a year annuity.