

# PLAN CHOICE UNDERMINES RETIREMENT SECURITY

The attacks on public pension plans are constantly changing. Pension critics claim public employees should be given a choice between defined benefit pension plans and 401(k)-style defined contribution plans.

## This is an unnecessary and risky choice.

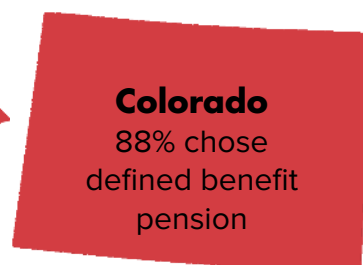
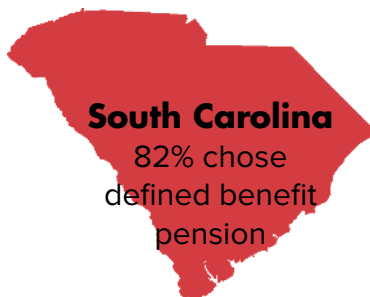
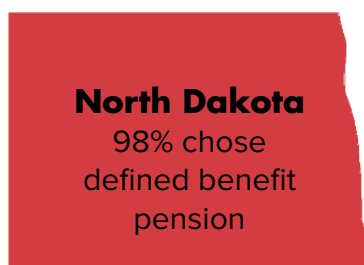
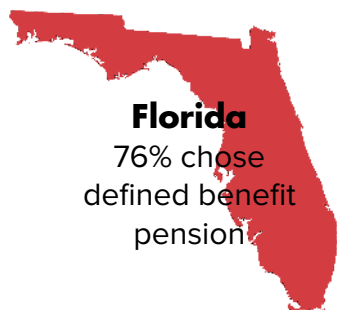
Public employees, like all Americans, want a secure and reliable way to save for retirement. Defined benefit pensions provide that. Pensions also provide a regular, monthly benefit in retirement for life.

Defined contribution plans, like 401(k)s, do not provide either security or reliability. These plans are subject to whims of the financial markets. If the markets take a downturn just before a planned retirement, working people could lose the majority of their savings overnight.

## Public employees know what they want: pensions

According to recent polling, 85 percent of Americans say that all workers should have access to a pension plan so they can be independent and self-reliant in retirement.

In several states, public employees already have a choice among different types of retirement plans. Public employees in these states overwhelmingly choose pensions when given the choice:



### Case Study: West Virginia

For 17 years, West Virginia teachers were enrolled in a 401(k)-style defined contribution plan. Eventually, the West Virginia legislature voted to reopen the closed defined benefit pension plan after a study showed that the pension plan offered equivalent benefits at half the cost of the defined contribution plan. When teachers in the defined contribution plan were given the choice to switch to the reopened pension plan, more than 78 percent made the switch.

Public employees know defined benefit pensions are the best path to a secure retirement. Rather than offering an unnecessary and risky choice among different retirement plans, state legislatures and governors should focus on strengthening and expanding defined benefit public pension plans.