Testimony before the Committee on Aging of the Connecticut General Assembly
Re: HB 5337, "An Act Establishing A Task Force To Evaluate The Utility Of Creating A Public Retirement Plan"
March 6, 2012
Chloe Tribich, Center for Working Families

Good morning. Thanks to the members of the Connecticut General Assembly Committee on Aging for the opportunity to testify in support of HB 5337.

The Center for Working Families is a New York "think- and do- tank" that develops and advocates for state policies to advance economic equality. Our recent accomplishments include passage of the nation's largest state-level energy efficiency retrofitting program, Green Jobs/Green NY, which will create tens of thousands of green jobs for our state. Our other key issues include progressive taxation (we helped lead the successful 2008 campaign for passage of a temporary New York State millionaires tax) and public financing of elections.

The Center recognizes that the problem of retirement insecurity is growing. Increasingly, American retirees rely exclusively on Social Security benefits, which average only $1,200 a month. This is a crucial source of income, but it does not—and was never intended to—provide for all a retiree's basic needs. The other two pillars of retirement income, individual savings and employer-sponsored pensions, are on the decline. One result: half of American retirees live at or near the poverty line.

The population of Connecticut residents over age 65 is expected to hit 671,000 in 2025 – up from 461,000 in 2000.[1] Obviously the lack of policies to provide adequate retirement income will most hurt the portion of these who are (or were) moderate- and low-wage workers. But it has real consequences for the economy and for society as a whole. I will highlight a few of those consequences now.

First, more older people are working or looking for work, crowding a still-tight labor market. According to the *New York Times,* the proportion of Americans over age 65 in the workforce is now 17.4 percent – up from 10.8 percent in 1985.[2]

Some of these older workers love their jobs and would continue to work no matter what. But undoubtedly more have been pushed to work (or to look for work) by economic concerns. A 2011 survey by the AARP showed that nearly two of every three Americans over age 50 worry about paying for health care.[3] Another recent AARP study reported that the average duration of unemployment for older workers is 56.1 weeks, compared to 35.1 weeks for younger workers, even as unemployment rates for older workers have improved somewhat.[4]

Second, most state economies rely heavily on consumer spending, including retiree spending. According to the New York State Comptroller, for example, 77 percent of the state's public sector retirees, who have decent pensions, stay in New York and generate $9.5 billion in annual economic activity.[5]

On the other hand, economically strapped older workers and retirees—those who lack decent pensions—spend less. They don't stimulate the economy like retirees with adequate income. And the very lowest income retirees rely on government benefits like rent subsidies and food stamps for survival.

Third, lack of good retirement security policies exacerbates existing inequalities. Black workers, Latino workers and workers in the lowest income quintile are less likely to have access to an employer-sponsored pension than white workers or higher earners. Nationally, 44 percent of black workers can't access a pension plan at work. The same is true for 62 percent of workers in the lowest income quintile and 62 percent of Latino workers, compared to 36 percent of white workers.[6]

Further, workers with strenuous jobs—those who carry heavy tools, empty bedpans or spray insecticides, for example—often don't have the physical ability to keep working. And the workers with the lowest levels of pension access also tend to have shorter life expectancies to begin with. For example, at age 50, white men can expect to live another 29.2 years, while black men can only expect to live another 25.4 years.

A Connecticut policy to provide adequate retirement income for all workers would be an enormous step forward. It would inspire policymakers and advocates in New York and elsewhere. Thanks again for the opportunity to testify.

---

[1] US Census Bureau 2010 population estimates for Connecticut and the United States. Retrieved on March 5, 2012 from http://quickfacts.census.gov/qfd/states/09000.html.

[2] Glaeser, Edward, "Goodbye, Golden Years." *New York Times*, 19 November 2011. Retrieved on March 5, 2012 from: http://www.nytimes.com/2011/11/20/opinion/sunday/retirement-goodbye-golden-years.html?pagewanted=all.

[3] Rix, Sara, "50+ and Worried about Today and Tomorrow: Older Americans Express Concerns about the State of the Economy and Their Current and Future Financial Well-being." AARP Public Policy Institute. Retrieved on March 5, 2012 from: http://www.aarp.org/content/dam/aarp/research/public_policy_institute/econ_sec/2011/fs242.pdf.

[4] Rix, Sara, "The Employment Situation, January 2012: Year Begins with Drop in Older Worker Unemployment." AARP Public Policy Institute. Retrieved on March 5, 2012: http://www.aarp.org/content/dam/aarp/research/public_policy_institute/econ_sec/2012/The-Employment-Situation-January-2012-AARP-ppi-econ-sec.pdf

[5] Vielkind, Jimmy, "Dinapoli warns against effort to 'dismantle' pensions," Capitol Confidential, 19 January 2012. Retrieved on March 5, 2012 from: http://blog.timesunion.com/capitol/archives/107821/dinapoli-warns-against-effort-to-dismantle-pensions/.

[6] These figures are based on an analysis of CPS data by Demos.