



Council 4 AFSCME
Testimony before the Committee on Aging of the
Connecticut General Assembly
February 26, 2013

Senator Ayala, Representative Serra and members of the Committee on Aging. My name is Matthew Brokman and I'm a representative of Council 4 AFSCME. Our union represents 32,000 workers across Connecticut.

I'm here to testify in support of **SB 885: ESTABLISHING A TASK FORCE TO EVALUATE THE UTILITY OF CREATING A PUBLIC RETIREMENT PLAN.**

Retirement security was built on the three-legged stool: Social Security, Defined-Benefit Pension, and Personal Savings. And our economy was built around the idea that after a lifetime of work, you would have enough assets to maintain your quality of living during your golden years.

The vast majority of our union membership in Connecticut is fortunate enough to have defined-benefit pensions, largely because we're there to fight for them at the bargaining table. Those pensions ensure that after a long work career, workers have the ability to live in dignity, to enjoy family, to deal with unexpected expenses.

In terms of policy, defined-benefit pensions are one of the best anti-poverty tools. According to the National Institute on Retirement Security, among the current nationwide retiree population, we've seen:

- 4.7 million fewer poor and near-poor households
- 460,000 fewer households that experienced a food insecurity hardship
- 500,000 fewer households that experienced a shelter hardship
- 510,000 fewer households that experienced a health care hardship

Importantly, as we are likely about to see the federal government cut elderly nutrition with the sequester, in 2010, governments spent about \$7.9 billion dollars less on public assistance to older households because of their defined-benefit pension income.

However, as workers are increasingly moved from defined-benefit pensions to more risky retirement savings plans like a 401(k) or dropped from employer-sponsored retirement plans altogether, we are about to see these benefits of pensions disappear, meaning more elderly at risk of being in poverty and increasing public assistance costs.

The Center for Retirement Research at Boston College estimates that 53% of American workers 30 and older are "at risk" to have insufficient assets for retirement when they reach 65. In 1983, only 31% were at risk. Furthermore, the Center also estimates that our "retirement income deficit" is \$6.6 trillion – that's the difference from what workers needed to save in order to retire comfortably and what they actually managed to save.

This committee has done a lot of great work in highlighting the need to put in place policies that will keep our aging population out of poverty. The Public Retirement Plan is yet another one of these policies.

According to the Commission on Aging, a disproportionate share of older residents is living just above the poverty line but without sufficient resources for economic self-sufficiency. This is likely because Social

Security, which is supposed to keep retirees above the poverty-line, was meant as only one leg of a three-legged stool, with pensions and savings forming the other two.

Passing SB 885 would go a long way toward rebuilding that stool.

Thank you. I'll be happy to answer any questions.