



INTERNATIONAL UNION, UNITED AUTOMOBILE, AEROSPACE & AGRICULTURAL IMPLEMENT WORKERS OF AMERICA-UAW

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only*

February 26, 2013

To: Senator Osten, Representative Tercyak and Members of the Labor and Public Employees Committee

From: Beverley Brakeman, UAW Region 9A

Re: Proposed Bill 54 AN ACT ESTABLISHING A RETIREMENT SAVINGS PLAN FOR LOW-INCOME PRIVATE SECTOR WORKERS

I work for a union and have been a union member for over 10 years. That makes me one of a swiftly diminishing group of workers with a defined benefit pension plan.

The shift away from defined benefit plans is fast and furious leaving workers increasingly vulnerable to financial insecurity in their retirement. In fact, according to the Social Security Administration, the shift from defined benefit to defined contribution plans will leave 26% of last-wave baby boomers like me and many of you, with lower family incomes at age 67.

Insurance companies today actually have entire divisions dedicated to the termination of defined benefit pension plans. I know this because many years ago, just out of college, directionless and in need of a job, I worked in such a unit at CIGNA. I didn't last long as I realized the industry in which I was making my living was actually working to diminish others.

In our union, retirees contribute enormous amounts of time, energy and even money to our program. Why? Because they can and because they worked for or in a union where retirement security is fought for at the bargaining table and they can afford to live out their retirements in comfort and give back to others. Sadly, fewer and fewer workers today have this opportunity afforded them as a result of this country's growing culture of greed and austerity.

The bill before you is a new and developing idea – and it's a good one. An economy where its retirees can continue to contribute is better for everyone. In fact, elderly residents with sufficient retirement income actually save the state and local government money by staying out of poverty. According to the National Institute on Retirement Security, "governments spent about \$7.9 billion dollars less on public assistance to older households because of their DB pension income".

This proposal creates a retirement program that is better for workers than what is currently offered by most employers, takes retirement savings out of the workplace and gives workers a more viable retirement program to control their own retirement security in a way that is not tied to an employer's need to grow revenue and profits.

We urge you to take the bold steps necessary today to ensure that retired citizens have the resources available to plan for their retirement. Thank you.

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