



Is There A Pension Crisis?

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Workers' Capital – Our members' deferred wages

--Today, **\$4 trillion dollars** is held in defined benefit funds on behalf of men and women for their retirement.

--These funds represent a **social promise** that when their working days are done, these Americans will be able to live in **financial dignity**.



The Real Retirement Crisis

- America has a retirement crisis, but it's not what some people want you to believe it is.
- The Federal Reserve reports that 31% of people have zero money saved for retirement. That includes 19% of people between the ages of 55 and 64.
- An overwhelming majority of Americans (86%) believe we face a retirement crisis according to a new poll released this week.

3



A Snapshot of Public Pensions in Recovery

- The funding ratio for public pensions was 80%, as of June 30th of last year (Wilshire Associates).
- This is up from 74% for the 2013 fiscal year, and 64% by fiscal year-end 2009.
- More than eight out of ten Americans say that all employees, not just the public sector, should have a pension (NIRS).

4



Pensionomics: The Economic Impact of Pension Expenditures

- DB pension benefits have a significant economic impact: 6.1 million American jobs and \$942.1 billion in economic output.
- For every dollar paid in pension benefits, \$2.37 in economic output was supported.
- Long-term patient capital funds job creating asset classes like infrastructure and venture capital.

5



New Research Further Discredits the 401(k) Disaster

- Cash balance plans harm recruitment and retention, increase turnover and have not saved states any money (EPI).
- Alaska's unfunded liability more than doubled with a DC plan, from \$5.7 billion in 2006 to \$11.9 billion in 2014.
- DB plans are more efficient than DC/hybrid plans due to economies of scale, risk pooling and other factors.

6



New Initiatives to Expand Private Sector Retirement Security

- 20 states are considering legislation or taking steps to provide pension plans to workers without access to them.
- AFT is engaged in a broad-based effort with a bipartisan group of state treasurers, unions and Wall Street firms to expand retirement security through access to **pooled, professional asset management.**

7



Action Item – AFT Report Ranking Wall Street Money Managers

- 26 investment firms that manage our members' money, while also contributing to:



8

Successful Firm Engagement



KKR



9

Please download a copy of the AFT Report, “Ranking Asset Managers,” at

<http://go.aft.org/assetmgrs>



A Union of Professionals

Ranking Asset Managers

A Retirement Security Report on Money Managers for Trustees

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10