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.

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).
**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.

**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.
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.

Action Item – AFT Report
Ranking Wall Street Money Managers

• 26 investment firms that manage our members’ money, while also contributing to:
Please download a copy of the AFT Report, “Ranking Asset Managers,” at http://go.aft.org/assetmgrs

Ranking Asset Managers
A Retirement Security Report on Money Managers for Trustees

American Federation of Teachers
April 15, 2012