

# Resolution

## Retirement Security

*Adopted September 6, 2002*

*Amended May 12, 2006*

*Amended June 26, 2013*

**Whereas** the retirement income deficit – the difference between what people have saved for retirement and what they should have saved for retirement – is \$6.6 trillion; and

**Whereas** the stock market crash of 2008, the bursting of the housing bubble and the ensuing recession have contributed to the retirement income deficit and have severely threatened the retirement security of millions of retired and working Americans ; and

**Whereas** nearly half of full-time workers in the private sector have no retirement plan whatsoever and stagnant wages and rising costs have left half of Americans with less than \$10,000 in savings; and

**Whereas** thirty years ago, one out of two private-sector workers had a defined benefit pension; today, that figure is closer to one in five; and

**Whereas** the attacks on traditional pensions in both the public and private sectors, combined with the inadequacy of defined contribution retirement systems, have similarly contributed to this retirement security crisis; and

**Whereas** Social Security, which is the foundation for secure retirement for the vast majority of Americans and provides modest benefits to millions of retirees, is under attack; and

**Whereas** a growing number of employers with defined benefit pension plans are freezing benefits particularly for younger employees or are not offering defined pension plan to new hires; and

**Whereas** conversions from traditional defined benefit plans to cash balance pension plans can have a negative impact on older and long-tenured employees, a group that is least able to make up for any losses because of their proximity to retirement; and

**Whereas** recent terminations of pension plans have highlighted problems with the Pension Benefit Guaranty Corporation (PBGC); and

**Whereas** future defaults and underfunding of the PBGC could eliminate this important safeguard for the pension benefits of millions of working Americans; and

**Whereas** in 2010, nearly 6 million Americans aged 65 and over were living in poverty or near poverty; and

**Whereas** most of the 76 million Baby Boomers will face retirement with fewer assets than previous generations, and more than half of the older Baby Boomers are at risk of not having enough resources to pay for basic retirement and health expenses.

**Therefore, be it resolved,** that the Alliance for Retired Americans believes:

1. A strong and vibrant pension system is a core component of a secure retirement. Congress should enact legislation to protect the pensions of all working and retired Americans; and
2. Congress must work to strengthen and improve Social Security benefits while also creating a supplemental retirement system that is universal, secure and adequate; and
3. Congress must reject all efforts to cut or reduce Social Security benefits; and
4. Congress must reject all efforts to undermine, destroy or weaken existing private and public-sector pension systems;
5. Automatic enrollment in any retirement system should be a part of workplace retirement plans whether defined benefit, defined contribution or hybrid. Workers could still opt out but would need to take specific action to do so; and
6. Loopholes that allow companies to underfund pensions should be closed. Plan sponsors should be held accountable for adequately funding their plans; and
7. Workers and retirees should have representation on the boards of trustees of all defined benefit and defined contribution plans. The trustees need to be insured in case they are found to have acted unlawfully and plan participants need to be made whole; and
8. A national ombudsman to protect the rights of plan participants should be established within the United States Department of Labor; and
9. Investment advisers must not have any conflict of interest in stocks or other investment instruments they recommend to plan participants. Accounting firms must not receive consulting fees and contracts from the firms that they audit; and
10. In conversions from traditional defined benefit plans to cash balance pension plans or similar hybrids, participants should be allowed the choice of receiving benefits under the old formula or the new formula, whichever benefit is higher; and
11. There should be greater tax incentives for employers who start plans, including Simplified Employee Pensions (SEPS), or agree to cover all their workers; and
12. Public sector pension plans should have federal protections along the lines of those for private sector plans in the Employee Retirement Income Security Act (ERISA), which

would require employers to make responsible contributions to their plans and prevent them from raiding plan funds; and

13. Political leaders should recognize that public employees and retirees deserve the retirement security provided by traditional defined benefit pension plans— particularly because they make substantial contributions to these pension plans and give up wages in exchange for that security—and should end their campaigns to abandon public workers to the risks and uncertainties of personal retirement accounts; and
14. Bankruptcy laws should protect the rights and benefits of retirees and workers under defined benefit, defined contribution, and health care plans. The protection of these benefits should have the highest priority possible under bankruptcy laws.