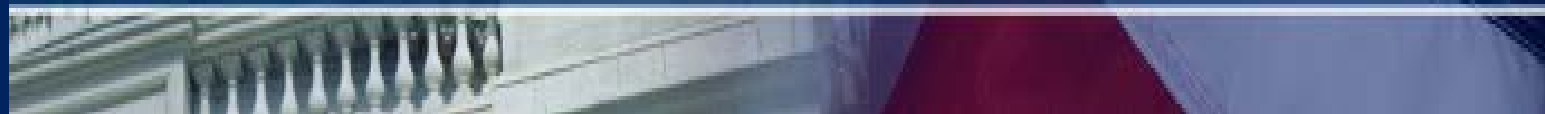




AN UPDATE FROM WASHINGTON



The Washington Environment

- Budget and Debt Ceiling Debates
- Funding/Implementation of 'Obamacare'
- The Tea Party vs. The House Majority
- Afghanistan, Syria and Iran
- National Security Agency vs. Privacy
- Reforms: Entitlements, Tax, Immigration, Gun/Safety
- 2014 and 2016 Elections

The Retirement Crisis

- More than 38 million working-age households (45 percent) do not own any retirement account assets.
- When all households are included, the median retirement account balance is \$3,000 for all working-age households and \$12,000 for near-retirement households.
- The collective retirement savings gap among working households age 25-64 ranges from \$6.8 to \$14 trillion

External Challenges

- Moody's Restatements
- Society of Actuaries' Blue Ribbon Panel on Public Pension Plan Underfunding
- Pew Center for the States/Laura and John Arnold Foundation "Public Sector Retirement Systems Project"
- "Reason Foundation's Pension Reform Webinars"
- Joshua Rauh's open online course on "The Finance of Retirement and Pension"
- Manhattan Institute's "Save Our Cities: Reforming Public Pension to Protect Public Services"
- RAND Corporation/Pew... plan governance practices
- GASB Implementation

Senator Hatch – Senate Finance

- **Defined Benefit Plans are Inappropriate for State and Local Governments**

“Many of the legislative proposals and enactments at the state and federal level are good ideas that would improve the defined benefit pension structure. However, it is becoming increasingly apparent that defined benefit pension plans will never be financially sound enough over the long term for use by state and local governments. **The financial risk associated with the defined benefit pension structure may be appropriate in the corporate setting, but it is inherently flawed in the state and local government setting.**”

SAFE Retirement Act

Secure Annuities for Employee Retirement Act (S. 1270)

- New DB pension plan called an “Annuity Accumulation Retirement Plan”
- State and local government could purchase fixed annuity contracts from insurance companies for each employee every year during their working career.
- Life insurance industry would pay the pensions and bear all the investment risk.
- Hatch claims the bill would eliminate pension plan underfunding prospectively, while delivering lifetime retirement income to employers.

Senator Hatch – S. 1270

“...despite numerous legislative initiatives enacted at the State and local level, the public pension debt crisis has gotten worse, not better.”

“A new public pension design is needed: one that provides cost certainty for state and local taxpayers, retirement income security for state and local employees, and does not include an explicit or implicit governmental guarantee.”

Public Employee Pension Transparency Act

H.R. 1628 – S.779

**The Public Employee Pension
Transparency Act**



Stop Public Pension Monkey Business

NPEA

National Pension
Education Association

PEPTA Supporters

- National Taxpayer Union
- Americans for Tax Reform
- American Conservative Union
- Citizens Against Government Waste
- Americans for Limited Government
- Americans for Prosperity
- U.S. Chamber of Commerce
- Free Enterprise Nation
- National Federation of Independent Business

Potential Federal Threats

- “Secure Annuities for Employee (SAFE) Retirement Act
- “Public Employee Pension Transparency Act (PEPTA)
- The Detroit bankruptcy
- Mandatory Social Security for New State and Local Government Employees
- Municipal Securities Regulation
- Federal Tax Reform

Your Critical Role

- Maintain the trust and confidence of your members and their employers
- Be proactive
- Education is key – establish the facts
- Define the real problem... retirement security
- Respond when necessary

Questions

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NPEA

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