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**The Secure Choice Pension:
Enhancing Retirement Security in the Private Sector**
NCPERS Proposes Public-Private Enterprise to Ensure Retirement Security for All

Washington, DC – The executive director of the largest trade association for public sector pension funds today unveiled a bold proposal for a new type of retirement plan – one aimed at enhancing retirement security in the private sector by providing workers who are not in a pension plan with a guaranteed, lifetime retirement income that would be immune to stock market fluctuations and economic downturns.

At the same time, the proposed Secure Choice Pension (SCP) would provide the flexibility and portability that the increasingly mobile private work force needs, while spreading investment risks and costs over large pools of plan participants and employers.

“Less than half of private sector employees have access to an employer-sponsored retirement plan – and many of those who do simply are not financially prepared for retirement,” said Hank Kim, Esq., Executive Director and Counsel for the National Conference on Public Employee Retirement Systems (NCPERS). “Recent studies have put the gap between what private sector workers are saving and what they need to save at a staggering \$5 trillion to nearly \$8 trillion. Even workers who do have significant savings are faced with the uncertainties of outliving those savings and the vagaries of the markets.

“What we are proposing is a new alternative, a modification of the cash balance pension model, to address the retirement security crisis that faces the private sector,” Kim said. “The SCP would be a public-private enterprise – a partnership between the private sector and public sector to provide lifetime retirement security for all.”

As envisioned by NCPERS, each state would establish its own SCP, to be administered by a board of trustees made up of public and private representatives. Private sector employers would join an SCP, allowing their employees to participate in that SCP. Both the participating employers and employees would make regular contributions to the SCP.

SCPs would give participants the benefits of lower costs, because of the efficiencies and economies of scale available to large pension plans. It would also give private sector participants the benefits of higher returns because SCP assets would be pooled and managed by professionals.

At retirement, the SCP would provide participants with a guaranteed pension payment for life, with an opportunity for increased payments in good economic times. Plan participants would enjoy a guaranteed minimum retirement income, but the SCP's trustees would be able to declare a "dividend" during a strong economy that would increase that benefit.

"At best, most private sector employees have only two of the three legs of the retirement stool. They have Social Security and some have personal savings, which includes 401(k)s. SCPs are a way to bring back the third leg of the stool for those workers who currently don't have a pension," Kim said. "Even workers who diligently save can see their nest eggs significantly diminished by an unexpected economic downturn. And private sector companies – especially small employers – are increasingly reluctant to bear all of the risk a traditional defined benefit pension plan entails.

"The SCP is a desperately needed alternative. It would address the private sector retirement security crisis through a guaranteed, affordable, sustainable pension that draws on the lessons learned from successful public pension plans," Kim said. "The SCP is a powerful alternative whose time is now."

NCPERS' full proposal for the Secure Choice Plan is available at www.retirementsecurityforall.org.

About NCPERS

The National Conference on Public Employee Retirement Systems (NCPERS) is the largest trade association for public sector pension funds, representing more than 500 funds throughout the United States and Canada. It is a unique non-profit network of public trustees, administrators, public officials and investment professionals who collectively manage nearly \$3 trillion in pension assets. Founded in 1941, NCPERS is the principal trade association working to promote and protect pensions by focusing on advocacy, research and education for the benefit of public sector pension stakeholders.

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