



## TRADITIONAL PENSIONS:

### *A Tried & True System That Benefits Taxpayers*

#### *SUMMARY*

The traditional public pension system is the **best way to ensure taxpayers can reliably receive vital services**. It is a **cost-effective, proven and stable method** to attract and retain qualified people to perform critical public sector work.

#### ***The system safeguards the delivery of vital public services such as:***

- Emergency & First Response – Medical, 911, Disaster Relief
- Police Protection
- Firefighting
- Healthcare Services
- Child Welfare Protection
- Health Inspections
- Forensic Investigations
- Education for Children K-12 and College
- Prison & Correctional Services

Providing a modest pension for public servants helps retain and recruit a strong and experienced workforce needed to continue to provide these vital services. A new system could put at risk vital taxpayer services.

#### ***The system is cost-effective.***

The traditional pension system is the most **cost-effective** solution to ensure taxpayers continue to receive vital services.

Taxpayers contribute **less than 26 cents for every dollar paid out** in pension benefits. The remainder is funded by investment income and employee contributions. In fact, most state and local workers are required to contribute regularly to their public pension benefit – unlike most corporate pension plans.

#### ***The system is proven, stable and efficient.***

The current system has worked for **more than 100 years**. It is a proven and critical tool to ensure taxpayers receive reliable services from experienced workers.

The traditional pension system is **efficiently managed** by professionals. There are far lower overhead and administrative costs than a radical new system of millions of individual private accounts.

It provides a **modest** and reliable retirement income for people who have spent a career working for the public good. The average retirement pension is only about \$20,400 per year. States that experimented with private accounts saw lower investment returns – nearly a 50 percent reduction.