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For Immediate Release

## **NCPERS Responds to Report of the State Budget Crisis Task Force**

WASHINGTON – The following is a statement by [Hank Kim, Esq.](#), Executive Director and Counsel of the [National Conference on Public Employee Retirement Systems \(NCPERS\)](#):

“The Report of the State Budget Crisis Task Force verdict on the role public pensions are playing in state and local government fiscal woes – which recommends stronger local funding policies and greater disclosure – is a balanced one. The Task Force members correctly identified state and local governments’ failure to keep up with required contributions in recent years as a primary cause of the current dilemma.

“As [NCPERS’ 2012 Fund Membership Study](#) – the most comprehensive such review to date, using the most current data available – convincingly demonstrates, the vast majority of public pension plans are solidly funded and are experiencing a robust recovery from the Great Recession. Three-, five-, 10- and 20-year investment returns are all on the rise – and long-term returns are far more indicative of a plan’s health than short-term fluctuations. Confidence among plan administrators is justifiably running high.

“Unfortunately, the real American retirement crisis was beyond the Task Force’s portfolio – and it needs to take center stage in our national policy debate. The primary retirement savings vehicles for private-sector workers – defined contribution plans – are underfunded by *over \$8 trillion* (the Task Force maintains that public pension plans are underfunded by \$1 trillion to \$3 trillion, depending on the assumptions used). That means grave uncertainty for the futures of most 401(k) owners.

“Retirement security can no longer be viewed as a luxury – it is a necessity, both for the individual and for our national economy. Young adults entering the workforce are competing with baby boomers for the few jobs that are available, because baby boomers, whose defined contribution plans lost a significant portion of their values in the Great Recession, can’t afford to retire. Baby boomers forced to retire with insufficient assets not only won’t be able to contribute to the economy, they will likely become drains on public resources. A strong economy demands that we manage our workforce. Older workers must be able to retire with financial security to make room for younger workers.

“It’s crucial that, as a nation, we find ways to extend defined benefit pensions to private sector workers. My organization’s proposal for a [Secure Choice Pension \(SCP\)](#) – envisioned as a public-private partnership to provide affordable, easy-to-administer pension plans to private sector employers – has

proven especially popular among [small business owners](#), who want to attract and retain talented and reliable workers. The SCP would provide guaranteed, lifetime retirement income that is immune to market fluctuations and sudden, unexpected economic downturns like the one that launched the Great Recession – *at no cost to taxpayers*.

“We believe that the SCP is an idea whose time is now. The SCP and similar proposals warrant the immediate and earnest attention of state and federal policymakers if America is to achieve long-term economic stability and deliver what it owes to its citizens – retirement security for all.”

### **About NCPERS**

The National Conference on Public Employee Retirement Systems (NCPERS) is the largest trade association for public sector pension funds, representing more than 550 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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