Dear Colleagues:  

May 2013

This is my first full year of leading this great organization and I’m pleased to say it has had its share of successes.

The first Secure Choice legislation was enacted in California last September. As you may recall, the Secure Choice Pension (SCP) is a proposal designed to provide retirement security for workers in the private sector through access to a pension. The SCP is envisioned as a public-private partnership to provide retirement security for American workers, particularly those who work for small businesses and who don’t currently have a defined-benefit pension. The plan draws on the documented performance and efficiencies of public-sector pension management and extends it to those in the private sector who face what is becoming a national retirement crisis.

The concept is that the states – individually or, possibly, in groups – would enact enabling legislation to establish SCPs. These would be multiple-employer hybrid defined-benefit pension plans. Each SCP would have a board of trustees composed of state, private employer, and private employee representatives. The board would hire a chief executive officer and administrative staff to administer the SCP. The board and staff would have fiduciary duty to the SCP trust.

On September 28, 2012, California enacted SB 1234, the California Secure Choice Retirement Savings Trust. NCPERS worked closely with SB 1234 sponsors to ensure the bill was enacted. SB 1234 has many of the features that we espouse in SCP. It creates a board of trustees who would commission a study to determine the feasibility of a voluntary retirement savings plan for private-sector workers that is funded entirely through employee contributions. SB 1234 would be a retirement plan option for employers who do not provide one to their workers via payroll deductions. Workers would have the ability to opt out of the plan if they choose. The accounts would be portable and would follow employees from job to job. At retirement, SB 1234 envisions a platform whereby employees participating in the plan would be guaranteed an income for life – an income immune to stock market fluctuations and sudden economic downturns.

Second, we’ve built upon the momentum of California and have engaged a number of other states to consider a public-private partnership for retirement security. At this time, Maryland seems to have the most likelihood of enacting legislation. The Maryland Private Sector Employees Pension Plan and Trust (SB 1051) is the latest state legislation in which NCPERS is actively involved. The bill, introduced by Senator Jim Rosapepe (D), would establish a state-sponsored public-private partnership to bring retirement security to Marylanders. The plan would establish a board that has representation for all stakeholders of the plan and trust. NCPERS worked with Sen. Rosapepe during the inception, development, and legislative drafting of SB 1051. We are working feverishly to enact this legislation before the Maryland legislative session ends in mid-April.

Last, we are hard at work to fight for and preserve public-sector pension plans for our members. Retirement security for all and SCP are critical elements of protecting public pensions. The other is to directly engage at the state and local levels to defeat legislation that would close public plans. For the most part, we have been successful in these efforts.

We recognize that challenging times are still ahead of us. But NCPERS will be leading the charge and working side by side with each of you in your local jurisdiction and state. We are committed to our industry’s defense and helping to expand retirement security to all Americans.

I want to thank and honor you for your commitment to America’s public retirees. Your job is an important one, and by joining us here for education and training, you have shown that you take it seriously.

Melvyn Aaronson  
NCPERS President