



The following letter was submitted June 28, 2019, to the Los Angeles Times in response to a June 21, 2019, article by Josh McGee of the Manhattan Institute denying that there is a retirement crisis.

To the Editors:

As a senior fellow at the extreme, ultra-conservative Manhattan Institute, Josh McGee has a bone to pick. He has written widely about why public pensions should be gutted and why public servants like teachers and police officers and firefighters should be pushed into risky, 401(k)-style retirement plans.

So to see him declare that there is no retirement crisis is, to put it mildly, disingenuous. (“[Worried about the retirement savings crisis in the U.S.? Don’t be,](#)” June 21, 2019.) In his world view, the decades-long shift toward, 401(k) plans is just dandy! Why, fully 45 percent of Americans participate in a retirement savings plan at work!

Yes, 45 percent. And if that isn’t a crisis, I don’t know what is. It means that 55 percent of Americans have no workplace retirement savings benefits at all. That’s a problem because study after study has demonstrated that payroll deduction is the single most effective method of retirement savings.

The truth about 401(k)s is that they were never intended to be the engine driving retirement security. Rather, they were designed to supplement time-tested employer-funded pension and profit sharing plans. Even the human resources experts who invented the 401(k) plan are [on record](#) saying they never intended it to replace pensions and were too optimistic about its ability to make people plan better savers for retirement.

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Today, in fact, most Americans' 401(k) balances look exactly like a supplement. A 2017 study by the Center for Retirement Research at Boston College found that workers approaching retirement have saved an average of \$135,000 in 401(k) plans—enough to provide a meager \$600 a month in retirement. And the exact results are tied to the vagaries of the market. Yet “experts” like McGee continue to promote the 401(k) as the solution, failing to recognize that forcing Americans to shoulder complete responsibility for their retirement portfolios is actually part of the problem.

Pensions, on the other hand, provide exactly what Americans need and deserve in retirement: A reliable, predictable and secure stream of income.

Don't get me wrong. There is a place for 401(k) plans in the constellation of retirement savings options. That place is alongside public and private sector pensions, also known as defined benefit plans. But to pretend that the retirement crisis is made-up and exaggerated ignores reality.

Respectfully,

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