

**Governor Christie and Members of the New Jersey Legislature have said they want to eliminate the Defined Benefit Pension Plan for new**

**workers. Doing so will jeopardize the Plan for everyone!**

**Don't Foreclose  
Our Future**

**Protect  
our  
Pensions**

**We must FIGHT for Retirement Security for all workers!**

**A Defined Benefit Pension Plan works best for workers and for the State of New Jersey**

- Insures long term security in retirement by providing a lifetime **guaranteed** benefit.
- Insures that spouses also receive benefits if the retiree passes first.
- Benefits are based on actual wages.
- Provides for optional forms of payment including disability pensions.
- Retains employees who might be enticed away by higher pay in the private sector.
- Pumps benefit dollars back into the state and local economy.
- Builds large pools of capital which can be invested in the local economy.

**A 401k plan does not provide real retirement security**

- There is no guaranteed benefit. Your benefit depends on the size of your account balance when you reach retirement.
- Many employees cannot afford to contribute enough to save enough for retirement.
- The average private sector employee's 401k balance was about \$75,000 before the market crashed and about \$45,000 afterward - and nearly half of those employees have balances worth less than \$10,000.
- The closer you get to retirement the bigger the risk. What happens if your investments suffer significant losses just before you retire?
- Many professionals now question whether a 401k plans alone can **ever** offer employees a secure retirement.

**And a 401k plan won't help the state either**

- Moving to a 401k plan will not eliminate the cost of the Defined Benefit Pension Plan.
- The state is still responsible to fund the benefits that have already been earned by participants in the Defined Benefit Pension Plan.
- **For the past 15 years, except for the money put into the plan by Governor Corzine, the only money going in to the defined benefit plan has been from worker contributions. If workers' contributions go into their 401K plan instead, the funding problem will be even worse.**

**A 401k Plan for New Workers Threatens Both Current Workers and Retirees**

- It divides the workforce – and will lead to competition between workers workers and retirees over funding – which should get paid for: The Unfunded Liability for workers in the system? The COLA for retirees? Or some small match for workers in the Defined Contribution plan?
- If new workers go into a 401k – in less than 10 years, half the workforce will be in the 401k and not the Defined Benefit Plan. What happens when those workers are told – we

can pay for the Defined Benefit Plan or your salary increase – which do you want? **Who will fight for your plan, if you eliminate their plan?**

**FACT: Pension funding is not an immediate crisis**

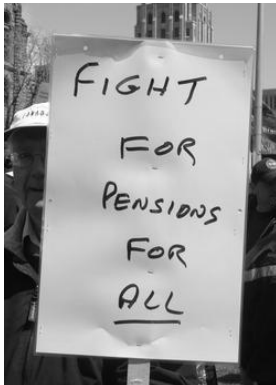
- **The State is valuing the assets using numbers from the beginning of the recession. Assets should be valued based upon the recovery we are going into, rather than the recession that is ending**
- The current funding problems of the NJ pension plans are the result of poor decision-making over the last 15 years
- But still the plan is fully able to meet its obligations in the short run
- There is no reason to make emergency changes that will have no real, long-term impact on pension funding

**There are better solutions**

- CWA is discussing the pension plan with other unions and with our actuary.
- We do not think that the State, the Legislature or the Unions should put our heads in the sand over funding issues. We understand the problem.
- There should be a Task Force made up of Legislators, the Governor’s Office, and Unions to seriously and appropriately consider options to strengthen the pension system
- **Putting in a 401k for new workers would amount to the abandonment of retirement security for public workers.**

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Return to your shop steward or fax to your Local



**I’ll Be There . . .**

To Fight to Keep a Defined Benefit Pension for ALL Public Workers! If the Legislature is voting on a 401K – I won’t be working – I’ll Be There!

Name: \_\_\_\_\_

Work phone#: \_\_\_\_\_ Home #: \_\_\_\_\_

Cell #: \_\_\_\_\_ Work email: \_\_\_\_\_

Home email: \_\_\_\_\_

**Sources:**

“Is Pension Inequality Growing?”, Karamcheva and Senzenbacher, Center for Retirement Research, Boston College, January 2010

“Why It’s Time to Retire the 401(k)”, Gandel, Time Magazine, October 9, 2009

“Should the 401k Be Killed?”, Fox, Time Magazine, December 4, 2008

54<sup>th</sup> Annual Report of the Actuary, Public Employees’ Retirement System of New Jersey, Prepared as of July 1, 2008, dated March 12, 2009

The New Jersey Public Employees’ Retirement System Member Handbook, January, 2010