

All Workers Need Pension Security We're Not the Problem Stop the Attack on Retirement Security

How Our Pension Plan Has Been Misused to Fill Budget Gaps Created by Tax Breaks for the Rich

Public Worker Pension Benefits are under attack in N.J. You heard it in the Budget Address. Our "entitlements" are "strangling the taxpayer." Even some Democratic legislators stated that the days of providing workers with "Cadillac" benefits are likely numbered.

To attack our pension benefits as "entitlements" is to clearly suggest that workers who receive them as part of their total compensation package don't deserve them. To say our pension benefits are "strangling the taxpayer" is to suggest they are the cause of the fiscal crisis.

Retirement security is under attack everywhere, not just in NJ. President Bush has launched a massive attack on Social Security benefits and California Governor Schwarzenegger went after the pension plans of all the public employees there.

Everyone needs retirement security. And we're not the problem.

WHAT ARE THE FACTS ABOUT OUR PENSIONS?

Public Worker Pensions are not "entitlements." They are part of a total package of negotiated benefits for which we work.

They are not "Cadillac" benefits. Our benefits, are slightly below the national average for similar public plans.

They are not the cause of the State's fiscal crisis. They are not strangling the Taxpayer. New Jersey Policy Perspectives estimates the Whitman tax cuts that benefited the wealthy cost the budget \$1.5 billion in 2005 alone. It's these tax cuts that NJ can no longer afford. Revenues need to be restored to meet everyone's needs;

WHAT IS THE PROBLEM?

For years our pension plan has been raided and manipulated in an irresponsible manner by policy makers to free up money to balance the budget. Tax breaks that benefited the wealthy created huge budget holes. The money to fill those holes and pay for the tax breaks was taken out of our pension plan.

It started with Governor Whitman's tax breaks. To help pay for these breaks she made changes to the pension plan our CWA actuary testified were "irresponsible." She eliminated crucial provisions we had won to pre-fund our pension COLA's and post retirement medical

benefits so these costs would not build up. Other changes were equally detrimental. The money saved by these pension plan changes was used to fill the budget holes created by the tax breaks.

By 1997 there was a large pension liability that led to the borrowing of \$2.8 billion in pension bonds.

But the pattern of not paying into the pension system to plug budget holes continued. The Director of the Division of Pensions testified recently that since 1997 state and local employers avoided \$5.5 billion in their normal obligation payments to the pension plans. They did this by using the paper value of stock market gains as credit against actual money that should have been put into the system.

But We've always paid our share. With the 5% deduction, public workers pay about \$550 million a year into the system. We have always paid in. In fact, Whitman and the legislature upped our contribution from 3% to 5% in 1994, the same time of her pension raid to fund her tax breaks.

ARE WE GOING TO TOLERATE CUTS BECAUSE POLICY MAKERS ACTED IRRESPONSIBLY WITH OUR PENSION FUND ASSETS?

We're not going to tolerate cuts to basic benefits because policy makers chose to use our pension plan as a cash cow. Billions of dollars were taken from our pension plan to pay for tax breaks. And the tax breaks are the main reason for the large ongoing structural budget gaps.

The situation is not unlike Bush's attack on Social Security benefits. The federal budget has deep gaps because Bush gave tax funds to wealthy individuals while Social Security money was spent on other budget items. And so now Bush is proposing cutting Social Security instead of restoring the revenue sources.

WHAT'S THE ALTERNATIVE?

Raise revenue. Don't cut social programs and benefits.

Balancing the budget is not rocket science. Social programs and services, property tax relief and negotiated benefits, all require revenue. The resources DO exist to take care of the poor and the modest needs of working families, public and private.

We have to mobilize to change the political climate to change tax policy, restore revenue to the budget and not get pitted against the taxpaying public. We can't allow any Administration or Legislature to say NJ can't afford middle class wages, health care and benefits. Not in the wealthiest state in the country.

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