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Letters to the Editor
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To the Editor:

The author of the recent opinion piece, *The Slow Road to State Pension Reform*, seemingly misunderstands that when properly funded, pensions are a cost-efficient means for providing retirement security to middle class Americans.

State legislatures in nearly all states maintained defined benefit pensions as they reformed state-wide retirement systems during the past seven years to ensure long-term sustainability. As a result, public employees can anticipate a modest but stable retirement income from pensions after contributing to the plans during their career in public service.

In 2010, Pennsylvania enacted bipartisan pension legislation that set a gradual pathway toward adequate funding, while also achieving $26 billion in cost savings by adjusting pension benefits. Those real reforms maintained the full economic efficiencies that pensions achieve by pooling risks, which in turn leads to benefits at half the cost of the amounts needed in defined contribution 401(k) accounts.

In contrast, the changes described in the opinion piece actually add $536 million to Pennsylvania's cost over the next ten years. Their net financial impact over 30 years will save only $1.4 billion, or just one-twentieth of cost savings in enacted in 2010. Future teachers and employees choosing the new defined contribution plan will face retirement challenges. The legislation's fiscal analysis estimates benefits will be about 57 percent lower than the retirement incomes for today's employees.

Across party lines, Americans agree that the nation faces a retirement crisis. Americans tell us that workers cannot save enough on their own and their employers' contributions to 401(k) accounts just aren't enough. States should stay the course and avoid the mistake in the private sector of pushing middle class Americans out of pensions in exchange for the financial risks of 401(k) accounts.

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