

# Mario Cilento: Pensions strengthen middle class and state economy

## Another Voice / Government

By Mario Cilento

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It's hard to pick up a paper or turn on the TV or computer and not see something about pensions. The media, elected officials and so-called think tanks are rightly focusing on the role of pensions in our society; unfortunately, they are missing the point.

It's easy to be distracted by short-term rhetoric that plays on fear and ignorance, but the fact remains that the defined benefit pension, along with Social Security and Medicare, remain an essential ingredient to the retirement security of middle-class families.

**We don't hear that the average benefit for a member in the largest plan in New York, the state and local employees' retirement system, is \$19,000 per year, or that 76 percent of pensions are less than \$30,000 per year.**

**For years, these workers have been part of the engine that fuels our economy. But now, they are blamed for collecting the pensions they've earned through deferred wages.**

There is no doubt that state and local governments face difficult budgetary decisions, but some corporations and their messengers have tried to capitalize on the economic crisis to justify their own rollback of pensions in favor of 401(k)s in the private sector. This is audacious considering that corporate greed and misconduct caused the collapse of the economy, the budget crisis and billions in pension losses.

The public should not be fooled by the pension feeding frenzy. First, just two years ago, the state enacted a new pension benefit — Tier 5 — that the State Division of Budget estimated would save taxpayers \$35 billion over 30 years. Second, slashing pension benefits yet again will yield little to no savings in the short term, but will permanently impact the livelihood of those who dedicate a career to providing essential services to the public.

**We are all in this together. Pensions benefit the economy as a whole. Retirees spend their money in their communities supporting local businesses and supporting jobs. We need to think about pensions as an economic stabilizer for middle-class families and their local economies.**

Unfortunately, a financially secure retirement is slipping away from American workers. More than half are at risk of not being able to maintain their standard of living in retirement, according to the National Retirement Risk Index. Not coincidentally, this retirement insecurity comes at a time when the number of people with defined benefit pensions is declining.

**If we want to ensure that all workers can retire with dignity while at the same time supporting our economy, we must bolster wage replacement in retirement for all, not diminish retirement security for those who have some semblance of it through their pensions.**

**Finally, we must remember that what our state really needs is jobs, jobs, jobs. This is the shared agenda of all New Yorkers. Adding yet another pension tier will not produce one job and is simply a distraction.**

*Mario Cilento is president of the New York State AFL-CIO.*

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## Comments

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**SORT:NEWEST FIRST** | OLDEST FIRST

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I have been a member of the Communication Workers of America for 37 years. I could have not asked for a better life as a working, wage earner, all thanks to the contracts that my union negotiated on my behalf. I earned a decent wage, had good benefits. Because of this I was able to retire at 60 yrs of age. During my working years, I was able to save some money, build a good pension, and because of decent wages, will get decent social security. Every working person deserves this.

How do we strengthen organized labor? How do we change the mind set from "I don't have it, so why should you?" to "You have good pay and benefits, and I want that also." Why are so many Americans against organized labor, when we need it more now than ever? Why are working Americans so willing to accept less pay and benefits, while big business is doing so well.

Business needs leadership, investors and workers to make things work. The best leadership with the most money means nothing if there is no one to bring the product to market.

"Labor is prior to and independent of, capital. Capital is only the fruit of labor, and could never have existed if labor had not first existed." Abraham Lincoln

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**LOUIS MARINACCIO, BUFFALO, NY** ON Mon Jan 23, 2012 at 03:35 PM

You are right that a LOT of people don't hear that the average pension is only \$19,000 a year. They also don't know or remember that during the 90's, municipalities and school districts contributed NOTHING for 8 years because the pension fund was performing well. People should ask "Where did that money go " It was a line in their budgets! Now they are all whining because of the costs.

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**JOHN DUENGFELDER, LAKE VIEW, NY** ON Sun Jan 22, 2012 at 09:09 PM

"We don't hear that the average benefit for a member in the largest plan in New York, the state and local employees retirement system, is \$19,000 per year, or that 76 percent of pensions are less than \$30,000 per year. "

Thank you, Mario. As a retired Buffalo Public School teacher for 22 (sometimes extremely stressful) years whose pension also fits into the above description, I believe it should be mandatory that the above FACTS be included in every one of the consistently biased articles that The News prints about this topic.

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**CHRISTINE WHITMAN, ST PETERSBURG, FL** ON Sun Jan 22, 2012 at 06:49 PM

Free cheesers dont need a pension. I am not guaranteed a pension, but I am not a free cheeser either.

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**CHUCK GOODSPEED, WHEATFIELD , NY** ON Sun Jan 22, 2012 at 06:39 PM