

## Retirement Security For All Must Begin in the 2015-16 Legislative Session!

The situation is stark. Woefully few Americans have properly saved for retirement! Even those with access to 401 (k)'s have not saved enough. WI is not immune to these national trends. A shocking 22% of all seniors above age 65 depend upon Social Security for 90% or more of their income (AARP)

WI stands well above these trends for one simple reason: the Wisconsin Retirement System (WRS). It is recognized around the world as being one of the best designed and operated systems. Nearly 600,000 public sector participants plus their families depend on it, returning over \$3 billion annually to WI's economy. And, taxpayers are not exposed if investment losses occur because losses come out of annuity payments.

What about WI's 1.5 million private sector employees? Only half of all private employers even offer retirement plans and most of those are 401 (k)-plans which are NOT designed for retirement security. In 2014, Senator Dave Hansen introduced Senate Bill 611 to allow the state to examine options to use the WRS as a template for a private sector retirement system. A partisan party line vote prevented the bill from clearing committee.

The Republican-controlled legislature sees fit to constantly "reform" it by making changes that weaken it. The most grievous example happened in the 2011-2013 budget bill (Act 32) when the annual hours of work for WRS eligibility was doubled (600 to 1,200 hours). This seemingly simple change could prevent upwards of nearly 20,000 part-time employees from EVER qualifying for a secure WRS retirement (former ETF Secretary David Stella's contemporaneous estimate).

More changes are being considered or made possible in the 2015-2017 budget bill include denying WRS eligibility for NCAA football coaches. If football coaches can't participate, why not preclude other UW staff? Then there's the issue of UW "flexibility" under the proposed authority. If it's created and the UWS runs short of revenue, it could let university staff to "opt-out" of the WRS (Representative (R) Strachota's 2012 proposal) or reduce the employer-employee contribution. The WRS has nearly 30,000 UW participants. Can it survive with thousands less?

Pension systems like the WRS are complex, delicately-balanced institutions. Removing employee groups, changing vesting requirements, or allowing "opt-outs" can all affect the system's long-term health and ability to provide retirement security for all. Such changes are analogous to peeling an onion. Remove enough layers and, "poof", it ceases to exist. Proposed changes MUST meet rigorous standards of financial and intellectual scrutiny!

*EVERYONE deserves a secure retirement* and WI is well positioned to take advantage of its world-renown system for both the public and private sectors. POWRS calls on the legislature and governor to immediately recognize three basic principles of retirement security in Wisconsin: 1) everyone deserves it, 2) the WRS anchors it, and 3) no changes or "reforms" to the WRS should ever be considered in the absence of full research, detailed actuarial analysis, and extended public hearings/reviews. The retirement crisis is real and it is here. *Stewardship* of the WRS is critical.


### POWRS

*(I) protect Our Wisconsin Retirement Security)*

*A statewide group of employees/annuitants dedicated to protecting the WRS and seeking retirement security for all.*

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