



PUBLIC ADVOCATE FOR THE CITY OF NEW YORK

**Letitia James**

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**Press Release**

**Contact:** Anna Brower, [abrower@pubadvocate.nyc.gov](mailto:abrower@pubadvocate.nyc.gov), 917-671-8504

## **Public Advocate Letitia James Introduces Legislation to Study Private Pension Fund**

*Vast majority of NYers are unprepared for retirement*

(New York, NY)— Today, New York City Public Advocate Letitia James introduced legislation creating a commission of experts to study the establishment of a pension fund for private sector workers in New York City. Most New Yorkers are unprepared for retirement – 60% of private sector workers in the City are without access to a pension or 401(k). The legislation is intended to create consensus on this critically important issue affecting millions of New Yorkers. Council Members Daneek Miller, Rory Lancman, and Ben Kallos are lead co-sponsors of the legislation.

“More than half of New York City workers are projected to be poor or near poor once they retire - the time to act on retirement security is now,” said **New York City Public Advocate Letitia James**. “This legislation is about taking the politics out of retirement and bringing business, labor, and academic experts and leaders together to create an inclusive, substantive approach to solving this problem.”

New Yorkers will need \$204,000 in retirement savings just to stay at the New York City poverty level during retirement, yet approximately half of New York City workers nearing retirement have less than \$100,000 in liquid assets. Additionally, only 25% of all working-age New Yorkers participate in an employer-sponsored retirement plan.

“Roughly 60% of workers in the New York City area do not have pensions or adequate alternatives. From this, we have seen two scenarios develop where individuals are forced to make incredibly costly sacrifices. First is a matter of retirement insecurity, which is an undue burden to those who have spent their years in the private sector without a proper conduit to plan for their future. Secondly, taxpayers are now forced to subsidize the retirement plans of others. For these reason, we are launching this study to determine the feasibility of a publically overseen private pension system,” said **Council Member I. Daneek Miller, Chair of the Committee on Civil Service and Labor**. “In collaboration with our colleagues in government, labor and the business community, this study hopes to provide insight and viable solutions in addressing our looming aging crisis.”

"Just like prekindergarten for all, pensions for all can deliver on the progressive promise to make New York into one city," said **Council Member Rory Lancman, Chair of the Committee on Courts & Legal Services**. "With most New Yorkers unprepared for retirement in a precarious economy, city leaders must come together and act. I am proud to join Public Advocate James and my Council colleagues in taking this first step toward genuine retirement security for all New Yorkers."

"Our nation faces a \$6.8 trillion retirement deficit, according to the National Institute on Retirement Security, which this legislation seeks to solve," said **Council Member Ben Kallos an Employee Retirement Income Security Act (ERISA) Attorney**. "Erosion of pensions in the public sector and retirements benefits in the private sector have left our working families without a way to save a nest egg for retirement. Providing small businesses in the private sector with the tools they need to offer their employees better retirement benefits will go a long way towards filling the the retirement deficit and providing workers the retirement they deserve. It has been a pleasure to work with Effective New York founder Bill Samuels on this big idea and thank you to Public Advocate James for her leadership on this and other issues of income security and inequality."

"Baby Boomers in New York City are struggling right now - they aren't saving for their retirement, mainly because many employers don't offer them access to any way to save for the long run," said **Beth Finkel, State Director for AARP in New York State**. "AARP commends Public Advocate James and City Council Members Miller, Lancman and Kellos for taking a hard look at this crucial issue and starting a long overdue conversation about how to tackle something that's plaguing so many in the workforce."

"Too many working people in New York and across the country today face the frightening prospect of aging into poverty with no security and no savings. We cannot let that happen. It's time to make a bold commitment to creating 'Pensions for All'. I am thrilled to partner with New York City Public Advocate Letitia James on this innovative effort. A new centrally-pooled pension fund for private sector workers could be run by the city at no cost to taxpayers, and deliver far better returns than 401(k) plans. Now is the moment for New York City to lead the way forward for the nation on retirement security. Business, labor, and government must together ensure that all workers can retire in dignity," said **Bill Samuels, Founder of EffectiveNY**, a reform leader with a deep background in business and Democratic politics who began developing a "Pensions for All" coalition several years ago, and has released a blueprint for how New York City can create a new pension fund for private sector workers.

"Retirement security for most Americans is currently non-existent. Most Americans who are not represented by trade unions, or do not work for large employers do not have any retirement savings vehicles available to them through their employment. The program being studied, if this legislation passes, would provide for employees who work for small employers to have their retirement funds invested by professional investors at low fees," said **Mel Aaronson, President of the National Conference on Public Employee Retirement Systems**. "This program, while being invested by the City's very able, professional investment staff, would not co-mingled with City funds. The returns would not be guaranteed in any way by the City. If adopted, participants, would have a chance for a financially secure, dignified old age."

"New Yorkers need to have a much better understanding of how ill-prepared many of our citizens are for retirement," said **James Parrot, PhD, Deputy Director and Chief Economist of the Fiscal Policy Institute**. "More than half of prime age workers in New York City don't have a retirement plan and more than half of prime age workers of color don't have the benefit of a retirement plan, and few have sufficient savings to supplement Social Security. I applaud the Public Advocate for proposing an

advisory board to study this issue and explore what the City might be able to do to address this challenge which will grow substantially in the years ahead as our workforce ages.”

The legislation will create an 11 member board of experts that will make recommendations within one year to the Mayor, City Council, Public Advocate, Comptroller, and Borough Presidents about the feasibility of establishing a private pension fund. The Mayor will have three appointees to the board, the Speaker, the Public Advocate, the Comptroller, and each Borough President will each have one appointee on the board. The legislation also stipulates that the Public Advocate, jointly with each Borough President, will hold two meetings per borough to solicit input from the public on the issue.

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