

ICI VIEWPOINTS

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Retirement Planning: No Place for Fairy Tales

The following is a letter submitted to the editor of the Baltimore Sun.

It is sadly appropriate that Labor Secretary Thomas Perez invokes fairy tales in his Nov. 16 commentary, "[A path forward for state retirement plans](#)." Neither his version of the past nor his program for the future accord with reality.

"Once upon a time"—in 1975, when defined benefit plans were dominant—only one in five retirees had private pension income, with median benefits of less than \$5,000 in today's dollars. Today, that share of retirees has risen almost 60 percent, and median pension income has grown almost 40 percent after inflation. The private-sector retirement system is stronger than ever.

Yes, we do need to extend access to retirement savings plans, particularly in small businesses. But the Administration's plan—empowering the states while denying the private sector the means to make coverage more available and affordable—risks fragmenting and undermining our nation's voluntary retirement system for private-sector workers. The contemplated state programs pose serious hazards for employers and workers, who could be forced to turn their savings over to the same state agencies that have created a \$1.4 trillion shortfall in public-sector pensions.

To succeed in improving retirement coverage, policymakers must pursue national solutions that build on the current voluntary system, rather than a confusing patchwork of state programs. And they must cooperate with—rather than coerce—employers.

The Administration would better serve retirement savers if it would give small businesses the very tools—including the ability to gather in multiple-employer plans—that it now wants to grant to states. Empowering the private sector would better ensure that workers can live happily ever after.

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