“The End of Retirement with Dignity:
What Workers Need to Know”
Panel Introduction
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Metro NY Labor Communications Council

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Welcome to our panel, “The End of Retirement with Dignity? What Workers Need to Know.” I am Greg Heires, an executive board member and former president of the New York Metro Labor Communications Council. I would like to thank the United Federation of Teachers for kindly providing us with the classroom for tonight’s panel.

For those of you unfamiliar with Metro, we are an organization of workers in the communication field at unions and other labor-related organizations. Our members include graphic artists, photographers, Web workers, public relations workers, reporters and editors.

With the Wall Street collapse and the resulting plummeting values of pension funds and retirement savings accounts, the issue of whether we will be able to retire with dignity is on all our minds.

Tonight, we have invited three distinguished panelists to help us understand the root of the crisis and possible solutions. Through the discussion tonight, I hope we will be able to come up with a vision of how to respond to the conservative assault on traditional pensions and help our members better understand the political and economic dynamics of the retirement crisis, which is expected to explode as the Baby Boom generation retirees.

Before introducing the panelists, I would like to exercise the chair’s prerogative to offer a brief commentary about the retirement crisis.

The attack on pensions by corporations and conservative interests has been going on for years as businesses started to favor 401(k) savings accounts over traditional pensions. 401(k) plans were originally created as a deferred compensation perk for executives. But employers soon learned that they could cut back on their administrative costs and responsibilities by offering those plans to their employees. Whereas traditional defined benefit pensions are managed by employers and guarantee retirees an income based on their salary and years of service, workers must manage their investments in 401(k)s, which are subject to the ups and downs of stock market.

With 401(k)s going down by about 20 percent when the financial crisis hit this fall, we witnessed the problem of having our retirement savings depend on the volatility of the stock market. You couldn't ask for a better example than the record of the 401(k) accounts in the financial crisis to argue against allowing our Social Security system to be privatized.

But in spite of the fact that the financial crisis has exposed the fragility of our country's pension system (some $4 trillion evaporated from retirements plans, half 401(k)s and IRAs and half in defined-benefit pension plans over the past 15 month), the drumbeat against traditional pensions continues.

A few days ago, an analyst on CNBC complained about the so-called excessive salaries and burdensome defined benefit pensions of UAW members during a talk show about the possible bailout of the auto industry. The traditional pensions of public employees are also the targets of budget hawks and their political allies as states and municipalities grapple with out economic crisis.

Meanwhile, 401(k) plans continue to be touted as the retirement savings plans of choice. This is occurring while typical account holders have around $50,000 in their accounts. But the non-profit National Institute on Retirement Security calculates that a 62-year-old with a final salary of $50,000 would need to have $550,000 in a 401(k) account to have an adequate retirement income of more than $25,000 a year. The Institute estimates that you would only need to set aside $355,000 for the worker, or nearly $200,000 less, to have the same income.

My conclusion: We have been duped. Progressives need to respond by exposing the attack on traditional pensions and Social Security for what it is: an attempt by the financial sector to profit from our retirement savings and a desire on the part of employers to abandon their responsibility for helping their workers have a dignified retirement.

We will begin our discussion tonight with a presentation by Teresa Ghilarducci, who is the author of "When I'm Sixty-Four: The Plot against Pensions and the Plan to Save Them," which will be available for purchase after the panel.

Professor Teresa Ghilarducci, after 25 years on the economics faculty at the University of Notre Dame, is new to New York as the Bernard Schwartz Professor of Economic Policy Analysis at the New School for Social Research. She is the Jerry Wurf fellow at the Labor and Worklife Program at Harvard Law School and is a trustee for two Health Care Trusts, one for the UAW retirees at GM and the other for Steelworker retirees at

Goodyear. She was on Governor Swartzenegger's Commission considering reforms for California's public employees pensions and retiree health care. Teresa was appointed by Indiana's Governor to serve as a trustee for the Public Employee Retirement Fund in Indiana from 1997 to 2002 and President Clinton appointed her twice, in 1996 and 2001, to serve on the PBGC's advisory board.

Dr. Ghilarducci recently testified in Congress about her ideas for Guaranteed Retirement Accounts, which outlines her vision for combining the best features of traditional defined-benefit pensions and 401(k)-style defined-contribution plans. She will talk about those ideas tonight.

After Teresa's presentation, we will hear commentary and questions by Mel Aaronson, the treasurer of the United Federation of Teachers and the UFT representative to the Teachers' Retirement System. Mel serves as the chair of the Pension Committee of the New York City Municipal Labor Committee, which the umbrella organization that represents about 100 public employee unions on health and benefit matters. In 1999, then-Gov. George Pataki appointed him to the New York State Task force on Public Employee Pension System. He has served as a pension consultant for 30 years at the UFT.

Mel will be followed by Stu Leibowitz, president of the Retirees Association of District Council 37 and chair of the New York City Chapter of the Association of Retired Americans of the AFL-CIO. Back in 1967, Stuie served on a four-member committee that negotiated Tier 1 of the New York City Employees Retirement System. A former supervisor 3 at the Human Resources Administration, Stu served as Local 371's vice president of negotiations for many years before going on the work as deputy chair at the Office of Collective Bargaining from 1993 to 1994. He was first elected as president of the DC 37 Retirees Association in 2001.