

OP-ED

The risk of privatizing retirement: A gamble we can't afford February 17, 2005

Watch out when a politician promises to fix a problem, save taxpayer dollars, and give you a better deal all at the same time.

That's exactly what Assemblyman Keith Richman's new pension scheme is promising...and it's a risk we can't afford.

Currently, public employees – including teachers, firefighters, police officers, district attorneys, sheriffs and other state workers – are guaranteed to receive a secure pension based on the years of service they have put in and their salary history. They can also contribute to a 401(k) plan if they choose. The Richman plan takes away that choice -- leaving them with only a risky, stock-market-based 401(k) plan.

Under this measure, employees could lose their entire retirement savings in risky investments. In the end, taxpayers might be forced to bail them out. It would even prohibit school districts, cities and counties from offering traditional pension plans to employees who do not receive Social Security, like teachers, police officers and firefighters.

How is that a good idea?

Hard working Californians shouldn't have to roll the dice and bet on the stock market to provide for security in their old age.

But wait, it gets worse. The measure would also strip away death and disability benefits for California's police and firefighters.

Talk about risk.

These are the people who put their lives on the line everyday providing safety for all of us.

Keith Richman's plan would eliminate the survivor benefits of police and firefighters -- killed in the line of duty -- replacing them with the same 401(k)-style plan that everyone else would get under his scheme.

That means that the wife and children of a 27-year-old police officer killed in the line of duty would not receive one dime in continuing death benefits – and they would have to get by on whatever the officer had managed to save in his 401(k) plan during the five or so years they had been on the job.

That's just wrong.

So why is Keith Richman doing this? And who is really behind it?

This measure is being backed by Wall Street brokers who will reap billions of dollars in profits from privatizing pensions. The same brokers who are backing the Bush Social Security Privatization Plan. Right now they are collecting millions of dollars to push this measure because they are the new “beneficiaries” who will be able to charge fees and commissions to manage hundreds of thousands of these new private 401(k)-style investment accounts.

This isn't about pension reform, it's about putting main street's hardworking cops and firefighters at risk because those on Wall Street want to make more money.

And speaking of money, under this plan the state won't save a dime!

According to experts (California's respected CalPERS and CalSTRS) this plan would cost 7.9 Billion dollars more than the current system over the next ten years.

California's current pension system offers a secure, guaranteed retirement to hard-working teachers, police officers and firefighters who educate our kids and put their lives on the line to protect us.

Keith Richman's plan takes away those fair and hard-earned retirement benefits.

That's a risk we can't afford.