

## **TALKING POINTS THE PENSION PRIVATIZATION GAMBLE**

### **This measure eliminates a secure pension for millions of Californians and ends death benefits for the survivors of police and firefighters**

- Current public employees get a traditional pension and have the choice to contribute to a 401(k) plan. This measure makes it illegal to provide traditional pensions to new employees, leaving them with only risky 401(k) style plans.
- This measure prohibits traditional pension plans even for teachers, firefighters, police officers and all others who currently don't receive Social Security benefits.
- And this measure strips away death and disability benefits to spouses and children of police officers and firefighters who are injured or killed in the line of duty.

### **This scheme is a risky gamble for California's workers, and for taxpayers who won't save a dime**

- The average 401(k) investment lost 40 percent in the recent stock market crash. This plan would force public employees to roll the dice and gamble their retirement on the ups and downs of the stock market.
- Employees who manage their own retirement investments earn as little as one-half the returns earned by professionally managed pension funds. Employees could lose their entire retirement savings in risky investments and then taxpayers would be forced to pick up the cost.
- The gamble doesn't stop there. According to CalPERS and CalSTRS this measure will increase state costs for retirement by \$7.6 billion over the next ten years.
- And that is just the beginning: Every single city, county or school district with a pension plan will be forced to pay huge start-up costs for the new plan and then will have to pay the costs to manage and run two separate retirement plans.

### **This measure picks the pockets of California taxpayers to line the pockets of brokers on Wall Street in New York!**

- The same Wall Street brokers backing the Bush Social Security privatization plan are backing this scheme, because they will reap billions of dollars in profits from privatizing pensions.
- Public employees could end up paying fees and commissions to manage thousands of risky private investment accounts, while losing both the Social Security and public pension safety nets.