



Making the Case for Public Pensions

Tyler Bond
Research Director

FPPTA Winter Trustee School
January 29, 2024



NATIONAL INSTITUTE ON
Retirement Security

Reliable Research. Sensible Solutions.

The Public Still Has Very Favorable Views of Pensions

78 percent of Americans have favorable views of pensions, with **32 percent** having very favorable views.

Jan. 22, 2024, 4:00 PM EST

UAW President Vows to Reinstate Fight for Pensions, Health Care

ARTICLE

IBM saves billions by reopening its pension plan – Could other companies do the same?

By [Ryan Cook](#)

28 December 2023

Workers Feel Confident in Their Pension

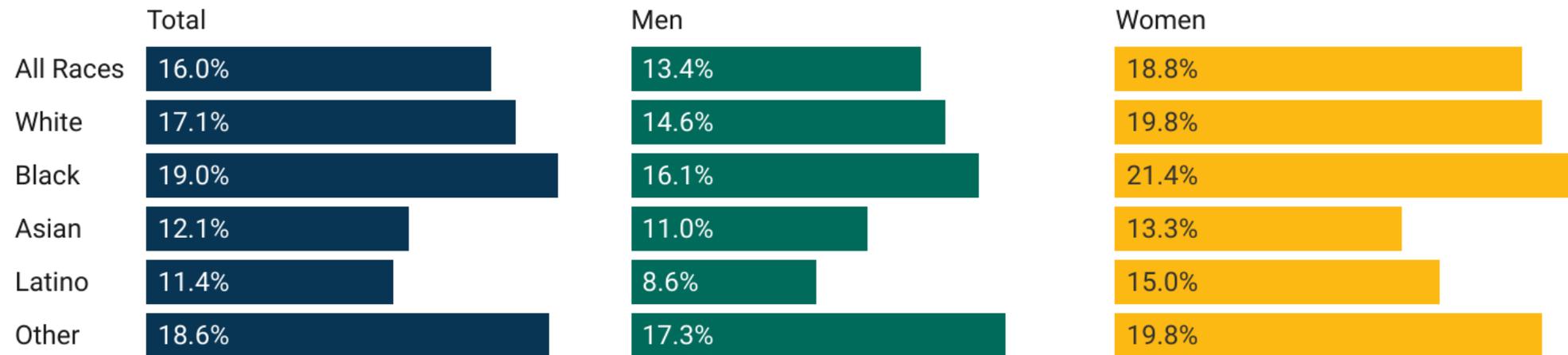
81 percent of retirees with a pension were confident their pension would be there for them when they retired, with **48 percent** very confident.

This contrasts significantly with those saving in a DC plan, who could lose much of the value of their savings if there is a market downturn before a planned (or unplanned) retirement.**

**Forthcoming NIRS Research| *Retirement Insecurity 2024: Americans' Views of Retirement*, February 2024

Public Employment and Related Benefits Are Especially Important for Women and Black Workers

Figure 1: Share of Workers Employed in Public Sector, by Race and Gender, 2018-2020

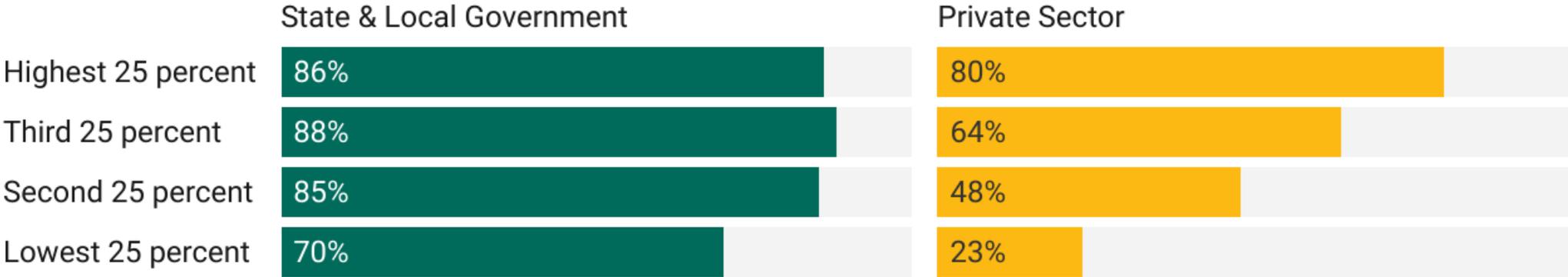


Data source: Author's analysis of CPS ASEC.

NIRS, *Closing the Gap* : <https://www.nirsonline.org/reports/closingthegap/>

Retirement Plan Participation Is More Level by Wages in Public Sector than Private Sector

Figure 2: Public vs. Private Sector Employee Retirement Plan Participation Rates by Wage Quartile, 2022



Data source: National Compensation Survey/Employee Benefit Survey.

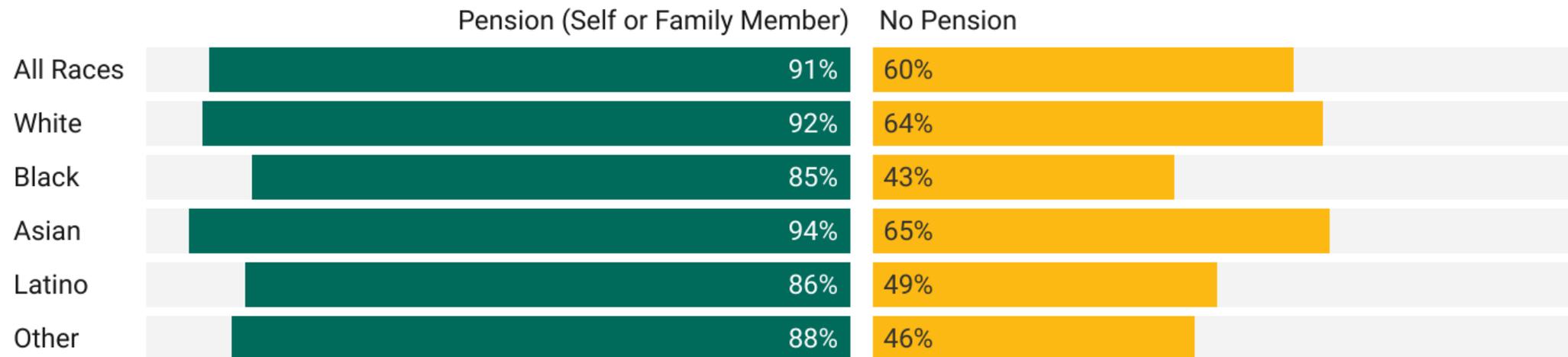
Retirement Benefit Offerings Impact Decision-Making About Jobs

Retirement benefits are “extremely” or “very” important to **78 percent** of Americans when they are making job decisions and are “somewhat” important to an additional **15 percent**.**

**Forthcoming NIRS Research| *Retirement Insecurity 2024: Americans’ Views of Retirement*, February 2024

Pensions Have Significant Anti-Poverty Effect for All Racial Groups

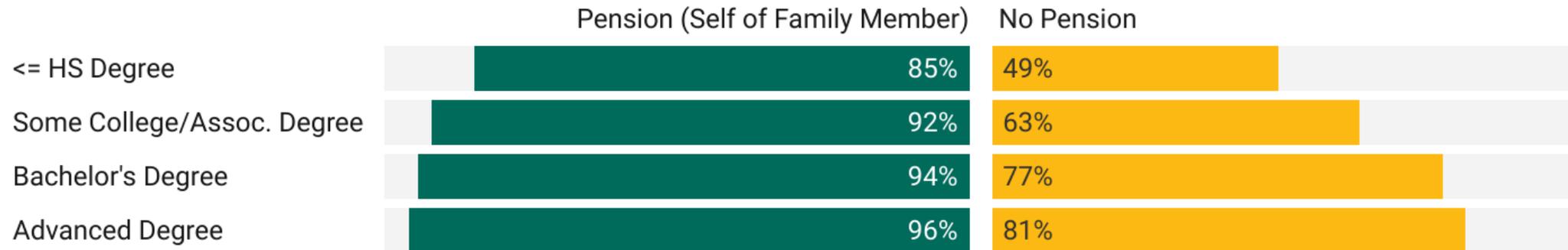
Figure 5: Share of Retirees above 200% FPL by Race, 2018-2020



200% of Federal Poverty Level in 2021 = \$25,992 (singles), \$32,758 (couples)

Anti-Poverty Effect Larger for Retirees without a Bachelor's Degree

Figure 7: Share of Retirees above 200% FPL by Educational Attainment, 2018-2020



Americans Recognize That Pensions Do Better Than 401(k)s

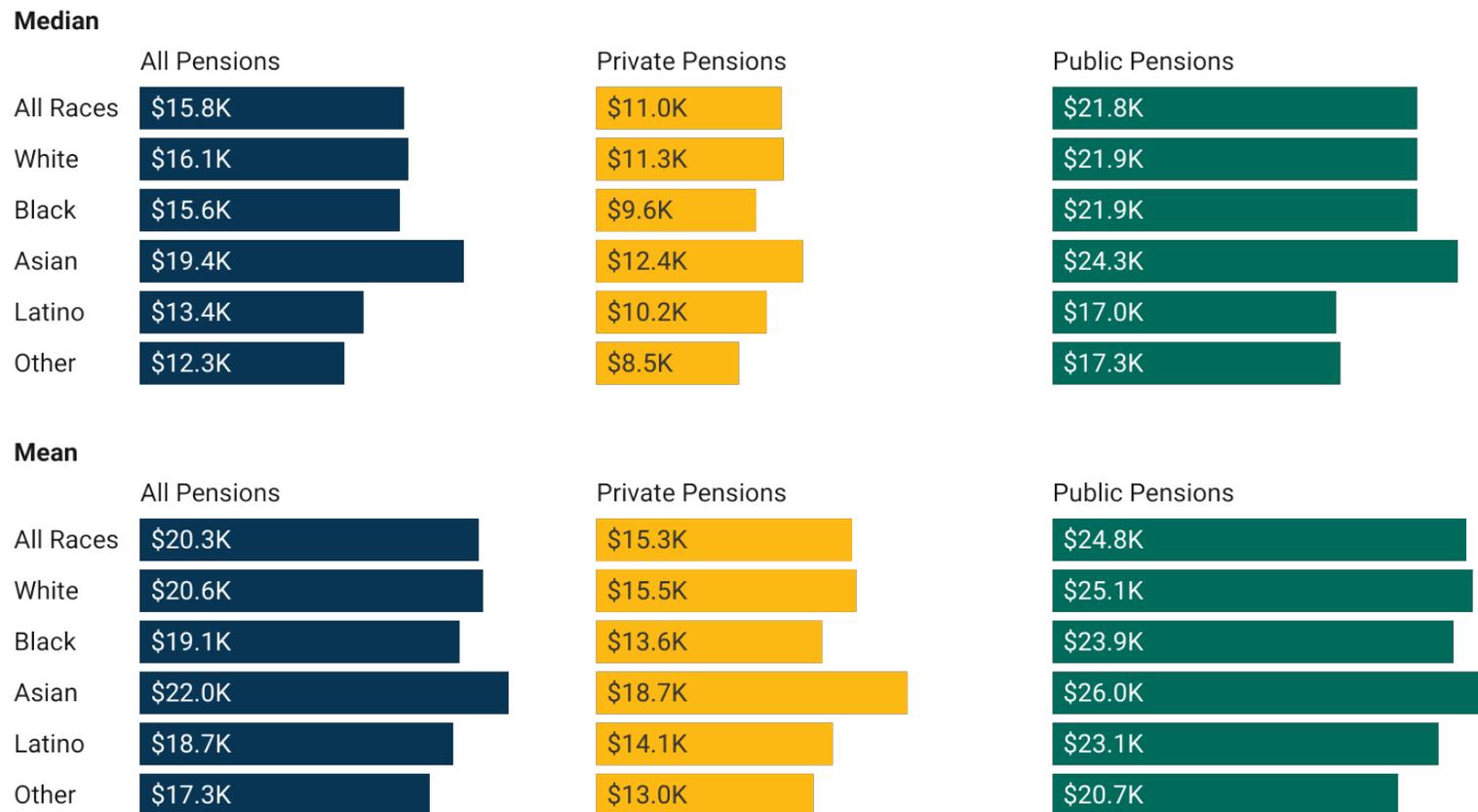
65 percent of Americans agree that pensions do more to help workers achieve a secure retirement as compared to retirement savings plans such as 401(k)s.

A fifth (19%) “don’t know” so there is education to do here.**

**Forthcoming NIRS Research| *Retirement Insecurity 2024: Americans’ Views of Retirement*, February 2024

Pension Income Distribution by Race Is Relatively Equitable

Figure 8: Average Pension Income among Recipients Age 55+, 2018-2020



Offering a Pension Helps with Recruitment and Retention

More than half of Americans (56%) would choose a job with a pension over a job with a 401(k) if all other aspects of the job were the same. **

Three-fourths (76%) of workers with a pension would be more likely to leave their current job if their employer did not offer a pension. **

States like Alaska, which doesn't currently offer pensions to public employees, have struggled with higher rates of employee turnover since closing their pension plans.

**Forthcoming NIRS Research| *Retirement Insecurity 2024: Americans' Views of Retirement*, February 2024

Pension Wealth Is Equitably Distributed by Race

Figure 11: Average (Mean) Wealth Value of Pensions in Payment to Adults Age 55+, by Race and Pension Type, 2018-2020

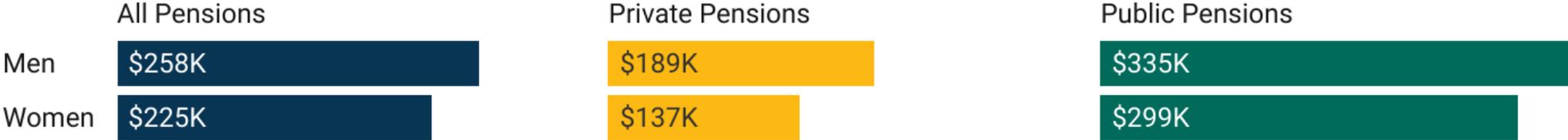
(2020 dollars)



Gender Gap in Pension Wealth is Lower for Public Pensions than Private Pensions

Figure 12: Average (Mean) Wealth Value of Pensions in Payment to Adults Age 55+, by Gender and Pension Type, 2018-2020

(2020 dollars)



Pension Wealth is Also Higher for Those with Higher Levels of Education

Figure 13: Average (Mean) Wealth Value of Pensions in Payment to Adults Age 55+, by Educational Attainment and Pension Type, 2018-2020

(2020 dollars)



Americans Realize Retirement is Getting Harder to Achieve

70 percent of Americans think it will be harder to retire in the future, with **40 percent** expecting it to be “much harder.” **

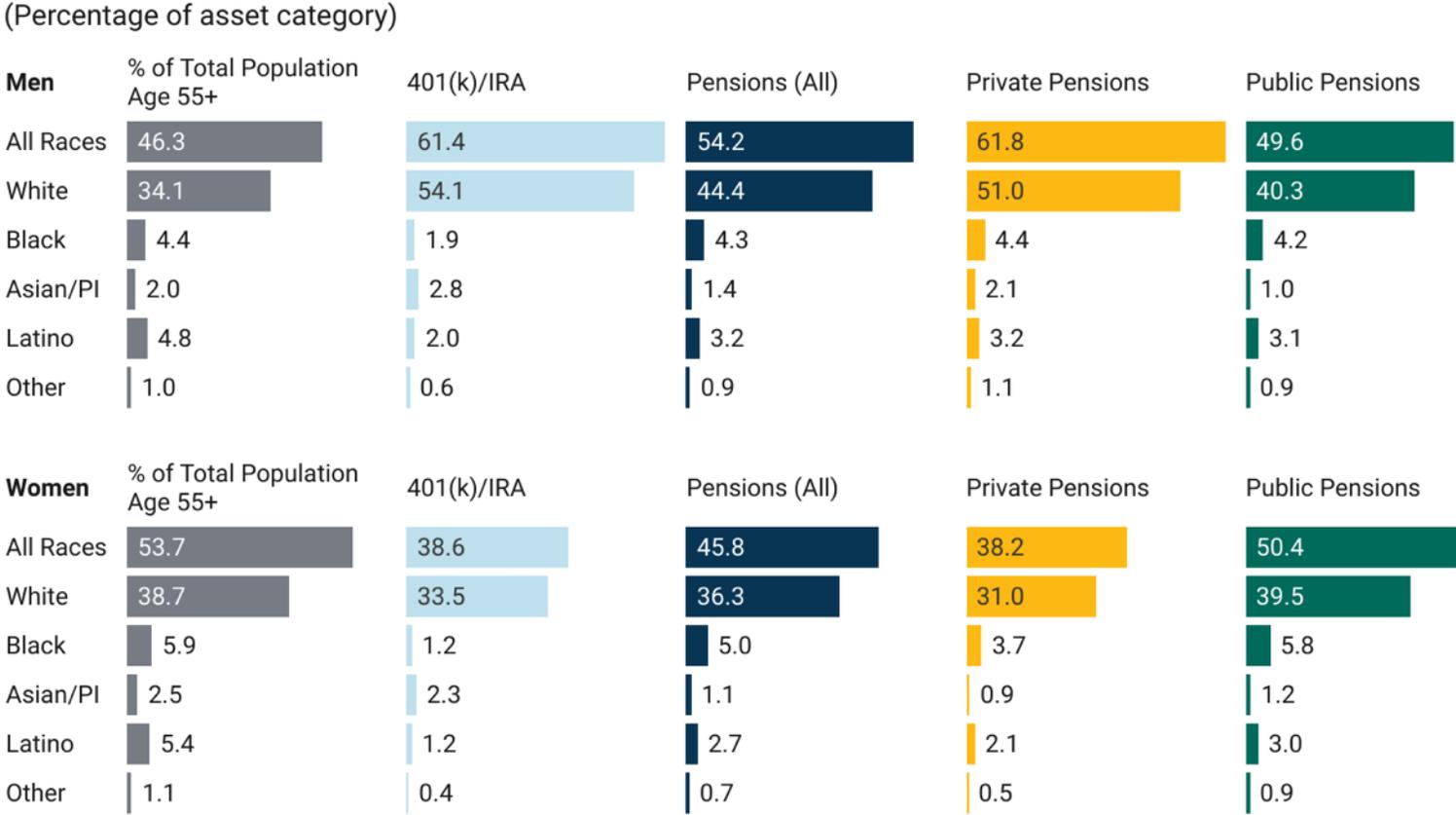
These numbers have risen over time, indicating that more Americans are realizing how unprepared they are for retirement.

NIRS’ report on Generation X, the first generation to mostly enter the workforce since the “401(k) revolution”, found that most Gen Xers are woefully unprepared for retirement.

**Forthcoming NIRS Research| *Retirement Insecurity 2024: Americans’ Views of Retirement*, February 2024

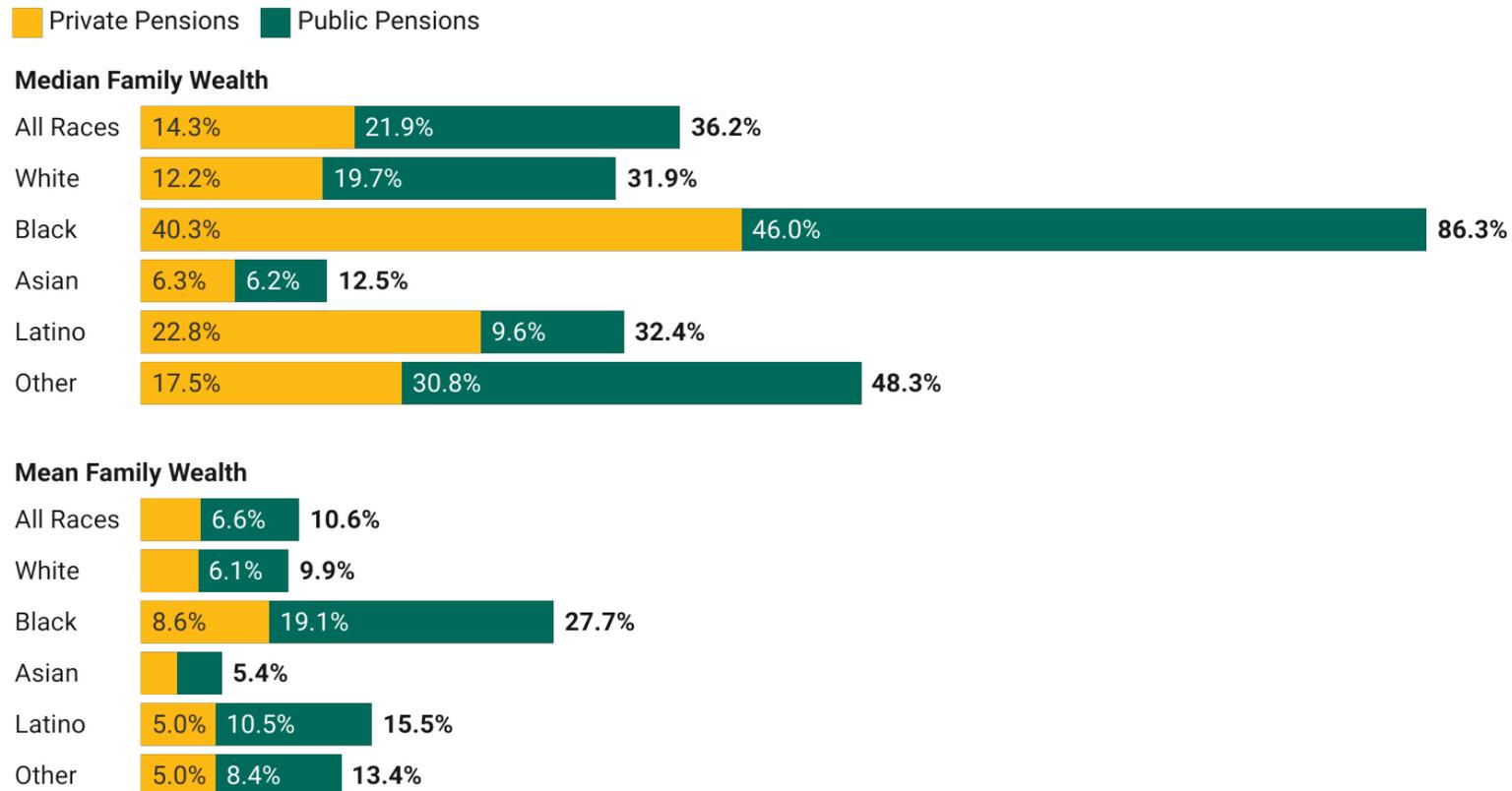
Public Pension Wealth is Distributed More Equitably by Race/Gender than Private Pensions and 401(k)/IRA Assets

Figure 14:
Distribution of 401(k)/IRA and Pension Wealth among Adults Age 55+, by Gender and Race, 2018-2020



Pensions Increase Wealth for Older Black Families

Figure 17: Percentage Increase in Net Worth of Families Age 55+ from Wealth Value of Pension Income, by Race, 2018-2020



The Public Wants Congress to Take Action on Social Security

Nearly all Americans think Congress should act now to shore up Social Security's funding rather than waiting ten years until the trust fund is exhausted.

- The most recent projections from Social Security's actuaries predicted that the Social Security trust fund would be exhausted by 2034.

88 percent agree that Congress should act now with more than half (54%) strongly agreeing. **

- Congress is unlikely to act this year due to the elections.

**Forthcoming NIRS Research| *Retirement Insecurity 2024: Americans' Views of Retirement*, February 2024

Americans Are Open to Paying More for Social Security

More than half of Americans (58%) think the government should increase the amount that both workers and employers contribute to Social Security. **

Increasing contributions to Social Security could be used not only to shore up the trust fund, but also to expand benefits.

There is an argument to be made that, as a social insurance program, Social Security should be expanded to make up for the mistake of the shift to DC plans and the inadequate retirement income that has resulted from that shift.

**Forthcoming NIRS Research| *Retirement Insecurity 2024: Americans' Views of Retirement*, February 2024

Questions

