

PENSION CHALLENGES AND OPPORTUNITIES

The nation's \$10 trillion pension system is facing formidable new challenges. Companies that once provided traditional employer-paid pensions as a standard part of their compensation packages – giving individuals a guaranteed stream of income with security in their later years – are retreating from them in favor of 401(k) plans that shift the burden and risks of retirement savings to individuals.

- This trend has been accelerating sharply as more and more companies freeze, terminate, or cut back their traditional plans, breaking promises to millions of older employees who counted on their pensions for their retirement.
- Global economic forces, workforce changes, demographic trends, and changing attitudes on the part of employers and employees have made the retirement income challenge even greater.

It is estimated that more than two-fifths of current workers in the U.S. will be at risk of having inadequate savings at retirement. Government statistics show that half of older households with 401(k) and IRA savings have accumulated less than \$85,000.

As policymakers become aware that individual savings alone cannot address the growing economic hardships among older Americans, there is a new openness to solutions that would spread risk and burden among employees, employers, and the government – instead of having individuals bear sole responsibility.

The Pension Rights Center is at the forefront of efforts to develop new long-range policy solutions to ensure that American workers and their families will be able to retire with the adequate and secure retirement incomes they will need to remain healthy and productive citizens. At the same time, we are working to:

- Stop companies from freezing pension plans;
- Make retirement plans fairer to women and minorities;
- Encourage employers to offer plans that promote more retirement savings;
- Expand pension counseling and assistance to ensure that more people get the help they need to receive the benefits they have earned.