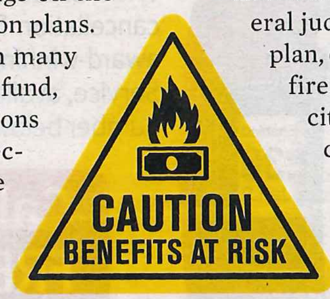
Your AARP ■ **Where We Stand**

By A. Barry Rand, CEO

Protect Our Earned Pensions

With 10,000 people turning 65 every day, our nation should be doing everything possible to protect the pensions of those who have worked hard their entire lives and are counting on those benefits during their retirement years. Instead, pensions are increasingly coming under attack—for those still in the workforce, and for people who are already retired and living on the pensions they have earned.

Congress recently held hearings on the solvency of multi-employer pension plans. These are benefit plans in which many employers contribute to a common fund, typically maintained jointly by unions and union employers under collective bargaining agreements. These plans cover over 10 million American workers and are found in industries like construction, arts and entertainment, retail and communications.



Millions of retirees could see significant cuts to their benefits.

The plans are beneficial to both employers and workers. They are portable, allowing people to earn and retain their benefits when working for different employers in an industry. And individual employers can pool costs of managing the plans. Most of these plans are in good financial shape, but some were hit hard by the recession.

Under a proposal being discussed in Congress, many retirees covered by these plans could see significant cuts to their benefits. The proposal, intended to save the distressed plans from insolvency, would change the law to allow severely underfunded plans to slash the benefits of people who are already retired and relying on their pensions. A pension earned by a lifetime of hard work would be reduced to an empty promise.

This is unacceptable. There has long been a consensus that any proposed changes to retirement plans—whether public or private—should only be for future retirees, and that those in and near retirement should not have any reductions in benefits. Retirees are already living on fixed incomes, and most cannot return to the workforce. And it is too late for older workers to change retirement plans.

Unfortunately, this is only one of the latest efforts to back out on promises made to retirees.

President Obama and many in Congress have proposed, as part of a budget deal, a cut in cost-of-living adjustments (COLAs) for Social Security, veterans' benefits and other programs. That would make retirees poorer as they grow older. Seniors deserve better than having their benefits used as a bargaining chip in a budget debate.

State and local government pension plans are also under attack. In early December, a federal judge approved Detroit's bankruptcy plan, endangering the pensions of retired firefighters, police officers and other city workers. Detroit is not alone. Recently, the city of Central Falls, R.I., cut pensions for workers by up to 55 percent in its bankruptcy proceeding. Rhode Island effectively ended COLAs for retirees in 2011. That could cut benefits for retirees by as much as 40 percent over the long term.

In the private sector, some companies have underfunded their pension plans, then declared bankruptcy and dumped their obligations on the doorstep of the Pension Benefit Guaranty Corporation (which insures pensions, often for a lesser amount than earned). Many of these companies will emerge from bankruptcy pension-free, while some pensioners will get less than they were promised.

AARP strongly objects to any cuts to the pension benefits of current retirees, many of whom live on $20,000 per year or less. AARP will continue to fight for solutions that keep the retirement promises made to older Americans. □

WHAT YOU CAN DO: *If you agree that it is wrong to cut benefits for those who are already retired, whether it's Social Security or earned pensions, then sign up today to be an e-activist at action.aarp.org/FinancialSecurityAlerts. We will let you know the best time to communicate with your elected representatives.*