



MRTA

Missouri Retired Teachers' Association
& Public School Personnel

Regarding HB 409:

I have had many questions from MRTA members. MRTA opposes HB 409. The PSRS/PEERS Board voted to strongly oppose HB 409 stating "...the proposal can have catastrophic effects on PSRS and the retirement security for all Missouri educators, new, current and retired." We must all think of our own reasons why we should oppose HB 409 but I will attempt to state some reasons in simple terms below.

First, educators have a **DEFINED BENEFIT PLAN (DB)**. This is a plan that promises you a benefit the rest of your life. This is like Social Security that also promises you a benefit for the rest of your life. DB plans provide "retirement security" preventing people from living in chicken coups such was the case and became the reason NRTA and AARP was founded. Our elderly deserve better.

A **DEFINED CONTRIBUTION PLAN (DC)** is the 401k type retirement account. As we have seen with the stock market crashes of 2001 and 2008 these type of retirement accounts provide little retirement security. They are especially bad for public employees who for the most part, are required to be more trained and educated in order to serve the public and at the same time are paid below private market rates. It is our fantastic retirement that keeps experienced educators in the classroom therefore without it our children's education would surely suffer. Missouri and America would suffer.

There are Representatives that do not commit to opposing HB 409 by replying with a summary of HB 409 THEN stating that our PSRS system is in trouble and contribution rates are too high and going higher. **THIS IS FALSE! WE ARE NOT IN SERIOUS TROUBLE** as they want you to think but will be if HB 409 passes. PSRS pension is here for the long haul everything being calculated on 30 years in the future. Even after the historic crash of 2008 we are 79% funded. PSRS had a 13% return on investment in 2009-2010 fiscal year. YES we have concerns and challenges but we are not near bankrupt as these "privitizers" or DC advocates want you to believe. In 2013 the PSRS/PEERS and education associations, with MRTA at the table, are going to send to the legislature reforms to CAP contribution rates ,to name one reform, and sure up our future funding. What is known and proven is that if the legislature forces a DC plan for new education hires contributions will cease from both the school district and employee to our PSRS system. This eventually "BLEEDS" our system dry. A PSRS study says bankrupt by 2039! (I have the graphs if

wanted). So, HB 409 is extremely harmful to retired educators. Are they intentionally trying to destroy our pension system and hurt public education for philosophical ideology? You decide as the facts are clear.

A couple more reasons to oppose and STOP HB 409:

#1) Defined benefits plans are extremely beneficial to Missouri's economy. Every dollar spent on our retirement yields nearly \$7 in economic activity creating 28,054 jobs statewide and having \$2.4 BILLION in direct economic impact, \$3.7 BILLION in total impact!. Facts are at WWW.MORTA.ORG. Not one education retiree was laid off during this economic downturn. In large part we kept the economy going!

#2) A DC plan does not reduce overall cost to school districts. (PSRS Report date 3/3/2010)

#3) A DC plan will provide much less retirement security and place educators at the mercy of WALL STREET.

#4) A DC plan could substantially increase welfare rolls and costs if retirees do not have retirement funds and COLA's late in life.

#5) Educators would not be able to retire till 67 years of age. 45 years in the classroom! Is that good?

Please contact your State Representative this week and ask them to oppose HB 409 before Thursday. HB 409 will be heard in Committee at 8:00 am Thursday. [MRTA MEMBERS ARE NOT ASKED TO ATTEND THIS HEARING!!!](#) MRTA President Powers will be testifying in opposition for our 18,500 MRTA members and their families. Also, MNEA and MSTA will be there in opposition to HB 409 but do not count on someone else doing our job. STRENGTH IN NUMBERS! Please remember when e- mailing or calling your State Representative: don't be mean but have some attitude and confidence, when contacting you State Rep. YOU ARE A VOTER, YOU ARE A TAX PAYER, and ELECTED OFFICIALS ARE THERE TO WORK FOR and serve YOU! Not the other way around.

THANK YOU to all! Let us all get involved and work hard to protect our retirement pension benefits.

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MRTA Executive Director

**House Committee
on Retirement**

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