

Legislation Text

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Calling for the creation of a Task Force on Retirement Security for Private Sector Employees in Philadelphia.

WHEREAS, America's framework for providing retirement security was historically referred to as a "three-legged stool" - Social Security, private pensions, and personal savings - with each leg supposed to carry an important part of the weight of securing workers' retirement; and

WHEREAS, This framework is no longer viable due in large part to the decline in Social Security replacement rates; the increasing lack of access to any sort of retirement savings plan, particularly defined benefit plans; the general inadequacy of individual account plans like 401(k)s; and the fact that Americans are living longer, interest rates are declining, and health care and other living costs are increasing; and

WHEREAS, America's retirement system is in crisis. According to the National Institute on Retirement Security (NIRS), fewer than half of working-age households are on track to accumulate sufficient savings and benefits to maintain their pre-retirement standard of living, and the median retirement account balance for all households ages 25-64 is just \$2,500; and

WHEREAS, Inequality is exacerbated by this retirement crisis. NIRS found the typical Black or Latino household has no dedicated retirement savings, and for households of color that do have a retirement savings, the \$31,600 mean retirement account balance is less than one-third of the \$111,700 of white households; and

WHEREAS, According to a study commissioned by the City Council of Philadelphia and completed by the Schwartz Center for Economic Policy Analysis at The New School for Social Research, the retirement situation in Philadelphia is even worse than that nationwide. The Schwartz Center study found that 20 percent of retirees in Philadelphia are poor, compared with 9 percent nationwide, and 30 percent have incomes between 100 and 200 percent of the federal poverty level, compared with 23 percent nationwide. Additionally, in Philadelphia, 48 percent of workers ages 25-64 work for an employer that sponsors a plan, compared with 53 percent nationwide, and 37 percent of workers actually participate in a plan, compared with 45 percent nationwide; and

WHEREAS, Pervasive retirement insecurity poses a significant threat to Philadelphia's fiscal stability and economic growth because individuals without stable and secure retirements are more dependent on the government and reduce the level of consumer demand in the local economy; and

WHEREAS, Due to the uncertainty of legislators in Washington DC or Harrisburg addressing this issue in the short- or even medium-term, Philadelphia must act now to address the issue of retirement security, particularly for private sector employees who are not offered a retirement plan by their employer; and

WHEREAS, On June 15, 2016, the City Council Committee of Labor & Civil Service held a fact-finding hearing on potential solutions to the City's retirement crisis. The Committee heard from citizens, activists, academics, and policymakers from other states and municipalities; and

WHEREAS, New York City and states like Maryland, Connecticut, and California have already begun pursuing

solutions, such as the creation of a government-sponsored retirement plan for private sector employees who are not offered a retirement plan by their employer, and they can serve as a model for potential pathways forward for Philadelphia; and

WHEREAS, The Task Force on Retirement Security for Private Sector Employees in Philadelphia will be comprised of various stakeholders from the private & nonprofit sectors, all levels of government, and co-chaired by the Chair of the Committee on Labor and Civil Service and the Chair of the Committee on Aging; now, therefore, be it

RESOLVED, BY THE COUNCIL OF THE CITY OF PHILADELPHIA, That we call for the creation of a Task Force on Retirement Security for Private Sector Employees in Philadelphia.