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March 18, 2009

The Honorable Kurt Olson, Chair
House Labor and Commerce Committee
Alaska State Capitol, Room 24
Juneau, Alaska 99801-1182

RE: HB 30 (Harris, Hawker, Munoz)--Support

Dear Chair Olson:

On behalf of the members of AARP in Alaska, we encourage you and your colleagues on the House Labor and Commerce Committee to support HB 30, authored by Representatives Harris, Hawker and Munoz and co-sponsored by Representatives Kawasaki, Guttenberg, Gara, Lynn, Dahlstrom, Kerttula, Herron, Tuck, Edgmon, and Gruenberg.

Lifetime financial security is a cornerstone of the American dream: if you work hard and follow the rules, you will be able to retire without financial worries. For most Alaskans, Social Security forms the base of a secure retirement and it is augmented by pensions, IRA's, 401-K's and savings. However few of our teachers or state and municipal employees participate in Social Security. Our defined benefit pensions under TRS and PERS were a stable substitute for Social Security. You cannot outlive Social Security. You cannot outlive a defined benefit pension.

Alaskans who make it to 65 have to prepare financially for a long time in retirement. Of all the women who reach age 65, 29% will also reach age 90. Eighteen percent of men who reach age 65 will also reach age 90.

Our newly hired public employees will only have the defined contribution plan. What will Alaska do with retired teachers, police officers and firefighters who outlive their contributions and have no defined benefit plan under PERS or TRS and do not participate in Social Security?

HB 30 will return to a system that will provide reasonable pension benefits that cannot be outlived.