









March 7, 2012 The Honorable Dean Skelos Senate Majority Leader Legislative Office Building, Room 909 Albany, NY 12247

The Honorable Sheldon Silver Assembly Speaker Legislative Office Building 932 Albany, NY 12248

Honorable Majority Leader Skelos and Assembly Speaker Silver:

As you know, in November of last year we created **Let New York Work:** A Common Agenda for the Common Good, an historic partnership between business, education and municipal leaders. It is a sixpoint plan that we firmly believe will help make our communities affordable yet still provide an excellent education to our children and vital municipal services to our taxpayers. A significant piece of that plan was the creation of a Tier VI retirement plan that offered both a defined benefit and a defined contribution option. We were very pleased when the governor took the bold initiative to include this concept in his 2012-13 state budget.

As a collective voice, we have weighed in to support the proposal. Many of us have gone on record asking each of you and your respective conferences to support the proposal from the governor.

As the years go on, fewer and fewer New Yorkers are remaining on a single career path. The pension system needs to adapt with the work force if the public sector wants to continue to attract the best

candidates for employment. That is why the defined contribution aspect is so critical. Not only is it financially better for New York, it is a much better option for future employees. Consider this point:

Defined contribution plans provide employees the chance to become vested quickly, keep all
contributions when they change employers, design a personal investment plan, and will all their
pension proceeds to their heirs. A defined contribution plan allows employees to expand their
career choices without jeopardizing their retirement plans.

But now we are concerned. Over the past few days, we have learned that your respective budget proposals will include a Tier VI plan. However, we understand you are not including the defined contribution component as well as potentially increasing the payout percentage beyond the 50% offered by the governor. If the rumors are true and you do in fact abandon the defined contribution component, that decision will be met with much disappointment by the many people whom we represent.

The Tier VI as proposed in not only fair to future workers, it is fair to taxpayers. The proposal is estimated to save New York taxpayers roughly \$113 billion over 30 years. That is simply too large a savings to leave behind.

As you work to advance your budget plans, please know that Tier VI should be passed and it must include a defined contribution option. While the defined benefit changes save money, the defined contribution is the transformative piece that we need and future workers want. It will be a significant legislative change that will show taxpayers that it is not just "business as usual" in Albany.

We respectfully ask that you fulfill your commitment to the taxpayers of New York and support Tier VI with a defined contribution option. We implore you to do what is right for New York, for our taxpayers and for our future workers.

Sincerely,

Brian Sampson

Executive Director, Unshackle Upstate

Bu PSopo

Mike Durant

New York State Director, NFIB

Tim Kremer

Executive Director, New York State School Boards Association

The Solf

**Bob Reidy** 

Executive Director, NYS Council of School Superintendents

Peter Baynes

Executive Director, NYCOM

William Mooney

President, Westchester County Association