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GFOA Members Pass Policy Statement on Retirement Security.

Retirement Security

The goal of ensuring that Americans have adequate retirement savings continues to be part of the national conversation. For those who work in the public sector, retirement income may comprise benefits paid from state or local government retirement arrangements (which may include defined benefit plans, defined contribution plans and hybrid plans), personal savings, and in many cases, Social Security benefits.¹

Adequate retirement income is essential toward ensuring that employees retire from the workforce with financial security, and that they can continue contributing to the economic well-being of the community in which they live. Optimally, retirement assets will accumulate over the employee's working career to be paid out and/or drawn down during the retirement years.

If retirement benefits are inadequate, individuals may face difficult financial challenges and be forced to rely on their families or taxpayer-funded public assistance programs such as welfare and Medicaid. Public assistance programs, in turn, place operational and financial challenges on the state and local governments that fund and operate them, which may ultimately shift responsibilities to a later generation of taxpayers.

Retirement security is vitally important to the economic viability and growth of this country. The trillions of dollars in assets held and invested by public-sector retirement plans, or by plan participants, will be distributed as retirement income to individuals and as a major source of revenue to businesses, helping stimulate the economy, create jobs, and revitalize communities.²

GFOA Position

GFOA supports government policies and practices that help to achieve the dual goals of individual retirement security and economically viable communities. To further the accomplishment of such goals, these policies should:

1. Preserve the authority of state and local governments to design and maintain public-sector retirement arrangements, regardless of type, that are tailored to the specific needs of the community. These arrangements should:(a) enhance the likelihood that employees will reach their target level of replacement income to achieve retirement security;
(b) ensure the long-term sustainability of each state and local retirement system; and
(c) be affordable, financially prudent, and meet the sponsor's workforce management goals.
2. Encourage the long-term sustainability of federal programs that help to provide retirement security;
3. Promote workforce education about the importance of adequate income replacement in retirement, which may include workplace retirement plans, personal retirement savings, and Social Security, if applicable; and
4. Discourage laws and regulations that require excessive and unnecessary administrative costs and

unfunded mandates on state and local governments and their retirement plans.

1 According to the Social Security Administration, nationwide, about 6.6 million public employees are covered by state or local government retirement plans in lieu of Social Security.

2 Pensionomics 2014: Measuring the Economic Impact of DB Pension Expenditures, the National Institute on Retirement Security, 2014.

Adopted June 2, 2015

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