Contact:
Adrian Hemond
Phone: 517-897-6016

COALITION FOR SECURE RETIREMENT (CSR)

PRESS RELEASE

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The Coalition for Secure Retirement releases report detailing the potential impact to Michigan taxpayers from transitioning to Defined Contribution Retirement Plan

Lansing, MI: The Coalition for Secure Retirement has announced a new detailed report authored by Great Lakes Economic Consulting partners Mitch Bean and Robert Kleine. Bean, former Director of the House Fiscal Agency, and Kleine, former State Treasurer, highlight that a transition from a traditional defined benefit plan to a defined contribution plan often includes unforeseen costs to taxpayers, and can be far more expensive to administer when providing the same level of benefits to employees.

The group discussed their findings in a press conference at the State Capitol on Tuesday June 24th, at 1:00 PM; they were joined by state and local elected officials and other key stakeholders from the community. Some key findings from the report include:

- Depending on the level of unfunded accrued liability a closed plan has, and rates of return on investment, expenses will increase for about 10 to 15 years and net savings from closing a DB plan and converting to DC may take as long as 30 years
- Switching from a DB plan to a DC plan almost always means, particularly in the public sector, that the DB plan will be maintained for current employees, adding additional costs to administer two plans
- The combined effect of the differences in return over a 25 year career, will result in asset accumulations of 20 percent less for DC plans than for DB plans for the same contribution amount

Participants: **Nick Ciaramitaro**, President, Coalition for Secure Retirement, **Mitch Bean**, Partner, Great Lakes Economic Consulting, Former Director, House Fiscal Agency, **Robert Klein**, Partner, Great Lakes Economic Consulting, Former Treasurer, State of Michigan, and others.

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