



LOUISIANA SENATE

FOR IMMEDIATE RELEASE

09.23.13

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SEN. BROWN ANNOUNCES PUSH TO ESTABLISH RETIREMENT SAVINGS ACCOUNTS FOR PRIVATE SECTOR EMPLOYEES

EFFORT TO PROMOTE SELF-SUFFICIENCY AND TO AID SMALL BUSINESSES & THEIR EMPLOYEES

District 2 State Senator Troy Brown believes it is important for all hard-working Louisiana citizens to have the opportunity to build a secure financial future for their retirement years, regardless of their choice of career or their income. To that end, Sen. Brown is proposing to establish in state law the framework necessary to develop a simple, cost-effective system of tax-qualified retirement savings accounts for private sector employees.

Generally, the idea is to provide employees whose employers do not offer retirement benefits a way to pool their voluntary payroll deductions through a statutorily-established framework. The retirement savings would be invested as a pool in low-risk investments with reduced fees as compared to an individual trying to build up a retirement nest egg.

"This is a win-win proposition for both employees and employers," Sen. Brown said. "Employees who now have few options to save for retirement would have a viable, secure way to make sure they are self-sufficient after they leave the workforce. And employers, especially small business owners who cannot now afford to offer retirement benefits, would be able to attract and retain valued employees with a simple, cost-effective way to provide for those employees' retirement future."

Sen. Brown notes the need for such a plan is obvious, especially when you look at the numbers. According to a report released by the National Institute on Retirement Security last June, 45% of working age households across the nation do not own any retirement account assets. Only half of workers in the private sector have access to workplace retirement benefits, with small businesses accounting for about two-thirds of those workers without access to a retirement benefit. And the Center for Community Change notes that unfortunately an increasing number of seniors

are depending on social security as their retirement safety net with 65% of recipients age 65 or older relying on social security for more than half of their income and 36% relying on the federal government payments for 90% of their family income.

"This is not a sustainable situation for our hard-working families and businesses in Louisiana. Our citizens are becoming acutely aware that social security is not enough to support them in retirement. The situation is especially difficult for the myriad of contract workers in Louisiana, including nurses, other healthcare professionals, workers in the chemical and oil and gas sectors, and many others, who move from job to job with no retirement savings options," Sen. Brown said. "We can either address this situation now or expect to pay down the road as our retirees become more dependent on government services."

In the coming weeks and months, Sen. Brown will meet with business and employee groups to discuss the Louisiana retirement savings account proposal. The plan is to work with the various stakeholders to develop the best approach for Louisiana workers and businesses.

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