# American Workers Punching the Time Clock for Somebody Else's Retirement

(NAPSA)—When the alarm clock buzzes in those dark hours of the early morning, American workers know they have a long day ahead of them earning a living for themselves and their families.

According to two new studies by The Foundation for Educational Choice, however, a good portion of every American's paycheck will soon be used to fund somebody else's retirement.

That's because public employee pension liabilities are skyrocketing nationwide and now total $1 trillion for teachers' retirements alone, according to a joint study by The Foundation and the Manhattan Institute.

And in California, The Foundation for Educational Choice found that all public employees—ranging from garbage collectors to prison guards, food stamp processors and university professors—have an unfunded pension liability that will cost state taxpayers $326.6 billion. In San Francisco alone, every man, woman and child would owe $27,721 to cover state and city pension obligations.

"America is going broke paying for somebody else's retirement," said Robert Enlow, president and CEO of The Foundation for Educational Choice, the legacy foundation of Milton and Rose Friedman.

Friedman, the late Nobel laureate economist, was known for coining the phrase "There is no such thing as a free lunch." This seems to certainly be the case in states such as California, where politicians have promised lavish pension benefits to teachers and other public employees and now have no way to pay for them unless they impose enormous tax hikes, slash the state budget or force public employees to pay much more into their retirement systems.

Until recently, California had been unable to adopt a budget and had issued IOUs to cover expenditures.

"Our nation is broke, states are broke and now politicians have to fulfill the retirement promises of more than a trillion dollars throughout the country," Enlow said. "It seems as though workers

are expected to get up every day and pay taxes for somebody else's golden years before they have a chance to even save for their own retirement."

In private-sector jobs, workers have been saving for their own retirement through Defined Contribution Plans—better known as 401(k) plans—or similar plans where employers contribute but employees primarily save for their own retirement. In these plans, individual retirees take the risk of the investment. For public employees, there is no risk; the state and taxpayer pay regardless.

"Local and state governments will face severe financial difficulties if they do not move into similar, 401(k)-type plans," said Stuart Buck, a research scholar at the University of Arkansas who co-authored the national study on teacher pensions and the California study on all public employee pensions. "Younger generations are getting used to saving for retirement."

To learn more about the national teacher pension crisis, you can access The Foundation for Educational Choice–Manhattan Institute study at www.edchoice.org/Teacher-Pensions-PR.

To learn about the California public employee pension crisis, go to www.edchoice.org/CA-Pension-PR.