



Senate Bill 2239

March 10, 2023

House Government and Veterans Affairs Committee

Josh Askvig, State Director AARP North Dakota

Chair Schauer and members of the committee,

I'm Josh Askvig, State Director for AARP North Dakota. AARP is a nonprofit, nonpartisan organization representing the interests of Americans age 50 and older and their families, with nearly 38 million members nationwide and our 83,000 members in North Dakota. We are here today to support SB 2239.

Financial and health security are key components of our advocacy agenda. It has been that way since our founding. Some of you may know the story of our founder Dr. Ethel Percy Andrus. For those that don't, I think it highlights why we care about financial and health security for all North Dakotans, especially those 50+. Dr. Andrus was a retired educator, she became an advocate in the 1940s when she found a former colleague of hers living in a chicken coop because she could afford nothing else. Dr. Andrus couldn't ignore the need for health and financial security in America and set the wheels in motion for what would become AARP. AARP strongly believes that all individuals have the right to be self-reliant and live with dignity.

AARP policy supports ensuring access to defined-benefit retirement plans. Our policy more specifically supports states making full contributions to retirement plans, as actuarially determined. That is what this bill does. Making actuarially determined contributions helps pensions plans have the funds they need to meet the obligations promised.

Defined benefit pension plans, like those offered in North Dakota, provide a critical source of retirement income that thousands of North Dakota's workers and retirees depend on for their financial security. Moreover, pensions help reduce reliance on public assistance programs and have a significant and positive impact in the state and local economies in which they are spent.

A couple of specific observations as to why supporting pensions and ensuring they are actuarially funded makes sense for North Dakota as a whole:

- ***Traditional pensions are economic drivers for Main Street America.*** Economic gains attributable to pensions in the U.S. are substantial. Their long-time horizon enables

monthly benefits to be distributed on time and in full, even during market shocks and economic declines, to retirees in virtually every community across the country. In North Dakota, retiree spending of these benefits in 2018 generated \$805.8 million in total economic output, supporting 4,610 jobs across the state. Pension spending also added \$110.7 million to government coffers at the federal, state and local levels. ([AARP-In-The-States-Snapshot-ND-Public-Employee-Retirement-System 2021](#)). Additionally, North Dakota's rural and small towns benefit from public defined benefit pension plans as most retirees remain in their communities and contribute to the economic stability of the region as their income is both stable and predictable. ([Fortifying Main Street: The Economic Benefit of Public Pension Dollars in Small Towns and Rural America, Linea Solutions and NIRS, March 2020](#)). I have attached both documents to my testimony for your review.

- ***Pensions aid in employee recruitment and retention.*** Pensions also help recruit and retain qualified employees, reduce turnover costs, and help deliver better taxpayer services. These impacts allowing taxpayers to maximize the training and experience invested in public employees and an orderly progression of personnel. Pension plans are an important workforce management tool to meet this objective.
- ***Most Americans support pensions to retain public employees and compensate for lower pay and higher risks.*** Most Americans believe providing pensions is a good way to recruit and retain public employees. They additionally appreciate that public workers help finance the cost of these benefits and that pensions compensate for comparatively lower pay and higher risk in many public sector jobs. ([Americans' Views of State and Local Employee Retirement Plans, NIRS, March 2021](#)).

Again, we support ensuring access to defined benefit pensions and ensuring they are adequately funded based on actuarial determinations. We encourage you to support this bill. Thank you.