

12104132D

HOUSE JOINT RESOLUTION NO. 229

Offered January 20, 2012

Memorializing the Virginia Congressional Delegation to oppose the enactment of a 401(k)-style defined contribution pension for the members of the United States Armed Forces.

Patrons—Surovell, Hope and Lopez

Referred to Committee on Rules

WHEREAS, on July 21, 2011, Defense Business Board, an independent advisory board to the U.S. Secretary of Defense, issued a report recommending that the United States Armed Forces transform its existing defined benefit pension into a defined contribution pension similar to the Thrift Savings Plan or a 401(k) Plan to save \$250 billion over 20 years; and

WHEREAS, the military believes that a "modern" approach will allow veterans to move fluidly between the active and reserve components of the military and among the military, private sector, civil service, and other employment, limiting investment choices; and

WHEREAS, the military has also proposed to change benefits for existing service members who were promised a full retirement after 20 years of service; and

WHEREAS, the United States Armed Force's existing defined benefit pension encourages members to serve a full 20 years, and a more efficient, professional, and high-quality military results when soldiers serve longer than is typical with an all volunteer force; and

WHEREAS, many groups are concerned that replacing the United States Armed Force's defined benefit pension with a 401(k)-style defined contribution pension will result in the loss of the military's more experienced, highly talented, and well-qualified officers; and

WHEREAS, benefits should be adequate and offer sufficient replacement income to career public servants to afford them dignity in retirement; and

WHEREAS, defined benefit plans have a proven track record and have been documented by in-depth research as the most efficient mechanism for funding retirement security; and

WHEREAS, a defined benefit pension encourages volunteer soldiers in the military to accept lower paying employment in exchange for lifetime financial security; and

WHEREAS, the Military Officers Association of America has estimated that, assuming a seven percent rate of return on investments and given average life expectancy, an average E-7 20-year service retiree would receive \$1.6 million less in cash benefits over his lifetime; and

WHEREAS, Virginia has the second highest number of military retirees in the United States, and Governor McDonnell has stated that it is the policy of the Commonwealth to be the Best State for Veterans; and

WHEREAS, economic activity generated by the spending of all state and federal government retirees, including retired veterans, is a substantial component of Virginia's economy, promoting job creation and generating tax revenue; and

WHEREAS, ensuring the financial self-sufficiency of Virginia's veterans so that they are not in need of government assistance is a matter of vital importance to the Commonwealth; and

WHEREAS, bond ratings agencies have questioned whether decreased federal spending may jeopardize Virginia's long-standing and highly valued AAA bond rating, which saves our taxpayers billions of dollars through reduced borrowing costs; and

WHEREAS, changing the benefits of military service members after they have already started their government employment is deceptive, unfair, and disingenuous; and

WHEREAS, the United States should provide generous benefits to our veterans and their families who have risked their lives and sacrificed other career opportunities and time with their families to ensure our freedom and security; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the Virginia Congressional Delegation be urged to oppose the enactment of a 401(k)-style defined contribution pension for the members of the United States Armed Forces; and, be it

RESOLVED FURTHER, That the Clerk of the House of Delegates transmit a copy of this resolution to the members of the Virginia Congressional Delegation in order that the members of the Delegation may be apprised of the sense of the General Assembly in this matter during their deliberations.

INTRODUCED

HJ229