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Cost of public pensions rising for taxpayers

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The amount of tax money spent on public pensions in Ohio and guaranteeing retirement payments for government workers increased by nearly a third over the past six years, a newspaper reported.

The cost of supporting the pension funds for state and local government workers will be \$3.5 billion this year, The (Cleveland) Plain Dealer reported. The number is expected to rise in the coming years when more baby boomers retire.

Government retirees in Ohio earned a median pension of \$21,804, according to an analysis by the newspaper. The average for private sector workers, including Social Security, was \$18,390.

"States like Ohio offer far better plans than anything that is available in the private sector," said E.J. McMahon, a pension expert at the Manhattan Institute in New York, which analyzes government policy.

Ohio's public pension systems generally require workers to contribute 10 percent of their salaries to the funds. Taxpayers contribute between 14 percent and 25 percent.

The rest comes from investment earnings.

The systems also allow some government workers to retire earlier.

Police officers can take home a pension at age 48 if they have 25 years of service. Others can retire with a full pension after 30 years of work.

Critics say the plans are too generous.

Elected officials who can control the pension plans have little incentive to do that if they receive those benefits, said **Steve Frates**, president of the Center for Government Analysis in Newport Beach, Calif.

"Instead of people worrying about the pensions in the government system, we should look at ways of making all of the pension systems fair," said Laura Ecklar, a spokeswoman for the State Teachers Retirement System.

Unlike private pensions, the public pensions are guaranteed and include cost of living increases. Taxpayers would cover the costs if a public pension plan runs out of money.

Many private companies have abandoned pensions to save money.

The number of companies with guaranteed retirement plans fell from more than 112,000 to fewer than 29,000 over the 20-year period ending in 2005.

But the benefit can attract workers to government jobs.

"Some were very frank with us and told us that they were interested in the pension," said Dennis Will, a former Elyria police captain who interviewed applicants for department jobs.

Information from: The Plain Dealer, <http://www.cleveland.com>

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