



National Conference on **Public Employee Retirement Systems**

The Voice for Public Pensions



May 2010

Dear Colleagues:

Public pensions are necessary. This is a simple and true declaratory statement that unfortunately many Americans don't realize. In fact, pensions are needed now more than ever. A recent survey by the Employee Benefit Research Institute found that 43 percent of workers said they had less than \$10,000 in retirement savings in 2010. Only 16 percent of respondents were confident in their ability to save enough for a secure retirement, the second lowest percentage in the 20-year history of the survey.

At the same time, those who have a political agenda are making renewed calls to eliminate defined benefit plans for public servants. They use incomplete and misleading data to portray a crisis, all the while hiding the truth that, on the whole, public plans are in good shape.

An example of public pension bashing is the recent Pew Center on the States' report *The Trillion Dollar Gap: Underfunded State Retirement Systems and the Road to Reform*, which purports to have tallied a one-trillion-dollar shortfall between public sector retirement benefits and assets to pay for them.

As was the case in the successful campaign to kill defined benefit plans in Alaska, the Pew report mixes pension funding and health care obligations to manufacture this trillion-dollar crisis. In this Pew report the intentional confusion starts with the title. Public sector pension plans are not underfunded by one trillion dollars. Once you get beyond the title and actually read the report, you know that the report actually finds that in the aggregate, state pension funds are 84 percent funded and are providing reliable retirement income to millions of working Americans. The fact is, as Pew's own report found, on the whole public plans are well funded and well positioned to provide modest and sustainable pension benefits well into the future.

For those plans that might have long-term sustainability concerns, Pew found that the bulk of the issue is traced to states' shortchanging their pension plans in both good times and bad times. Failure by some states to fund their pension plans, not overly generous benefits, is the primary reason that some public plans face long-term issues.

Unfortunately, the report could have done much more to bring appropriate attention to the long-term costs of underpaying pensions. Instead, the report, as well as the media, points to public employees to shoulder additional responsibility in states that failed to meet their obligations to fund promised benefits.

We are clearly at a crossroads, and we must face the challenges not only determined to survive but also resolved to help all Americans gain access to retirement security. We must be armed with

Continued

knowledge and research that makes our point clearly and powerfully to our members, friends, and neighbors. We must mobilize an army of public pension advocates who will march on city halls, state capitols, and even Congress to educate policymakers that public plans should be emulated as a model of affordable retirement security to all Americans, rather than being unfairly attacked.

Therefore, this organization is prepared to vigorously defend against attacks on public pensions. NCPERS is the Voice for Public Pensions, and we will not be drowned out by those who don't know about public pensions and who don't care about the 21 million hard-working, middle-class public servants.

We recognize that tough times are ahead and that it will not be easy to win our argument. But NCPERS will be leading the charge and working side-by-side with each of you in your local jurisdiction and state. We are committed to our industry's defense and helping to expanding retirement security to all Americans.

NCPERS has not been idle while our opponents attack. First, we have been working in a coalition that provides direct assistance to public pension stakeholders in those states where legislation threatens our pensions. NCPERS was created in 1941 as an advocacy group for public pensions. We remain true to our roots and will continue to lobby at the federal level and work with like-minded people in every state so that we can fight battles and provide support needed.

Second, we continue to finance projects and research that help communicate the virtues of public pensions. I am excited to announce that very shortly we will unveil a new function to our website that will help our members respond to pension attacks. Whether it's the news media, interest groups, or lawmakers that unfairly attack our pensions, we know they are wrong; but individually our members may not have at their fingertips the data or facts to help craft an appropriate response.

I am delighted to say that NCPERS has a solution to this problem. We have built a database of arguments against public pensions and have paired them with field-tested responses. This clearinghouse of fact-based responses will enable anyone from a family member of a pensioner, to the most experienced trustee, to easily and quickly hit back when unfairly attacked. This is step one in our effort to mobilize an army of citizen-advocates to flood editorial desks, drown out misinformed critics, and lobby elected officials.

Third, we will continue to provide the best education at affordable prices so that our members will have the tools to help their plans sail smoothly in rough waters. I want to thank and honor you for your commitment to America's public service retirees. Your job is an important one, and by joining us here for an unparalleled educational program, you have shown that you take it seriously.

A handwritten signature in black ink, appearing to read 'Pat McElligott', written in a cursive style.

Pat McElligott
NCPERS President