Celebrating 65 Years of Service
A Message from President Robert Podgorny

The times were different, and yet familiar. Sixty-five years ago, in 1941, the great depression was over, but a very recent and painful memory, with many still unemployed. The nation was at war, entering history’s largest world war. People were concerned about whether they would be able to pay their bills, and whether they would be able to afford retirement.

With those circumstances as a backdrop, a group of public employees decided to do something unheard of to protect public employee pensions. They would fight the federal government’s plan to wipe out public pension systems.

NCPERS’ members and staff spent much of their time in the last year leading a coordinated effort to stop campaigns to eliminate defined benefit plans and replace them with defined contribution accounts.

To ensure the campaign’s success, NCPERS helped create a coalition of organizations to save public employee pensions. The coalition began its work in California, operating under the banner “California Families Against Privatizing Retirement.”

The campaign was successful, leading Governor Arnold Schwarzenegger to withdraw his proposals to reduce overall benefits. Lessons learned in that successful campaign have been used in numerous other state battles.

Research Helps Craft NCPERS’ Message

With the assistance of nationally-known pollster Celinda Lake, NCPERS has identified the most effective ways of stopping the elimination of defined benefits for government workers.

Lake’s research shows that the most successful campaigns focus on the fact that Americans believe everyone deserves a basic level of retirement security after a lifetime of hard work—they deserve a guaranteed pension.

Voters believe public employees enjoy unusually good benefits. However, they also believe public employees deserve a secure retirement and should be treated fairly.

With this information NCPERS has crafted talking points, backgrounders.

President Bob Podgorny greets Rep. Earl Pomeroy (D-ND), at the 2006 Legislative Conference (see story on page 3).
Defined Benefit

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and other documents to help its members who are facing pension cuts.

The following documents have been posted online and distributed at a number of local, regional and national meetings:

• Fact Sheet: New Pension System Will Be Costly and Chaotic;
• Fact Sheet: Don't Destroy a Proven System;
• Fact Sheet: A Tried and True System That Benefits Taxpayers;
• Expert Testimonials: Take It From The Experts;
• Facts and Myths: Face the Facts on Public Pensions;
• Supporting Research: Traditional Defined Benefit Pension Plans;
• Opinion Editorials: Recent Op-Ed and Letters to the Editor.

Confronting Corporate Critics

NCPERS and its coalition partners identified a number of companies that have contributed to the Schwarzenegger campaign and those in other states. President Robert Podgorny sent letters to each, and prepared draft letters for NCPERS members to send as well.

This issue is important, Podgorny notes, “because to date, these contributors have donated over $2 million to support the elimination of our benefits. Let’s hold them accountable for their actions.”

NCPERS letters went to several firms, including these:

• Deloitte & Touch Accounting Firm,
• Dodge and Cox Funds,
• KPMG Accounting Firm, and
• Target Corporation.

Some investment managers have sent letters in support of defined benefit plans for government workers, with a defined contribution add-on benefit, including the following:

• Amalgamated Bank,
• Fidelity Investments,
• Mesirow Financial,
• Nationwide Retirement Solutions, and
• Principal Global Investors.

California Seminar Explains How to Deliver the Message

To assist public pension plan allies defend traditional pension benefits, NCPERS hosted a two-day media training session for California public pension and union officials.

Held February 28-March 1 in Sacramento, the classes focused how to deliver the tested messages to the media and opinion leaders. Attendees also practiced these techniques in mock media interviews.
Legislative Conference Delegates Bring the Pension Battle to Capitol Hill

NCPERS held its 2006 Legislative Conference in Washington, DC, February 6-8. A packed room of more than 325 participants heard from members of Congress, experienced congres-sional staffers, research professionals and investment industry representatives about issues affecting public pension plans.

This year’s speakers and panels in the morning session focused on pending legislation and regulations. In the afternoon, speakers discussed how to respond to proposed pension cuts.

After the one-day briefing and a congressional breakfast, participants headed to Capitol Hill for meetings with their elected representatives.

A recap of the educational sessions is available on the NCPERS website and was published in the February/March 2006 issue of *The Monitor*.

The 2007 NCPERS Legislative Conference will be held on February 5-7 in Washington, DC, at the Holiday Inn on the Hill.

Holding Corporations Accountable

New Shareholder Resolutions Seek to Uncover Those Supporting Pension Cuts

In response to the California referenda that would have abolished defined benefit pension plans for public employees, NCPERS has created a new campaign to unveil corporations that financially supported the campaign.

Corporations donated $2.2 million in support of the referenda—support that could extend to other states considering pension cuts unless public employees hold these companies accountable.

NCPERS fund members have filed shareholder proposals seeking greater disclosure and board of director oversight of political contributions at four of the largest corporate contributors to the California referenda.

This new type of shareholder proposal was first developed in 2004 by the Center for Political Accountability, a nonpartisan advocacy group that works with a group of reform-minded institutional investors.

Without shareholder resolutions several companies have agreed to conduct annual political contribution reviews at the board level, and to publish the amounts and the rationale for the contributions online. They include Coca-Cola, Eli Lily, Johnson & Johnson, Morgan Stanley, PepsiCo and Schering-Plough.

In other cases shareholder resolutions are being used to force publication of political contributions. Groups such as the Firefighters’ Pension System of the City of Kansas City, MO, and the Miami Firefighters Relief and Pension Fund have filed shareholder proposals. Corporations targeted include four that are the largest corporate contributors to the California referenda:

- ChevronTexaco ($300,000),
- Citigroup ($100,000),
- Target ($100,000), and
- Wal-Mart ($100,000).

NCPERS members can play a crucial role in helping build momentum for this needed reform by supporting these four resolutions. As an owner, you have a fiduciary responsibility to be involved and ask questions—not just rubber stamp the recommendations of the board of directors.
Welcome, New Members!

For those new members attending their first NCPERS Annual Conference, welcome! This report is one of many resources we hope you’ll take advantage of as NCPERS members. Here are some of the others:

- **Legislative Representation**—Enjoy full-time representation on Capitol Hill and state legislative tracking, and you can participate in our national grassroots lobbying network.
- **Trustee Education**—Learn the latest news at our legislative conference (February 5-7, 2007, in Washington, DC), our annual conference (May 20-24, 2007 in Honolulu, HI), and an annual two-day trustee educational seminar (May 18-19, 2007), which precedes the annual conference.
- **Health Care Education**—Hear about efforts to preserve affordable health care at the new Health Care Symposium, September 13-15 at the Hyatt Regency McCormick Place in Chicago.
- **Pension Information**—Receive our monthly and quarterly newsletters and access our website, which offers timely updates on breaking news, and research studies on public pension issues.

What else can we do for you? Please let us know if you need additional information or resources by calling us at 1-877-202-5706 or by email at info@NCPERS.org. For event information visit www.NCPERS.org.

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tems, and mandate Social Security cov-
derage of non-covered state and local
government employees.

That was how NCPERS began, and
why it became the nation’s largest pub-
lic pension organization.

In the 65 years that have followed, our
membership has grown to include
more than 500 pension funds repre-
senting $2.5 trillion in assets. And once
again we face attacks from politicians
who have failed us, using “pension holi-
days” and other tactics to weaken pen-
sion systems. Now they want us to pay
for their financial slight of hand.

In so many states this is a critical
time. However, a crisis often brings out
the best in people—and, we hope, the
best in organizations like ours.

The executive board and I have
developed a response to this crisis,
focusing first on maintaining our leg-
islative program through our annual
legislative conference and the day-to-
day efforts of our headquarters staff.
Second, we have launched a new educa-
tional program (you’ll hear more about
that at the 2006 Annual Conference) to
improve the skill level of trustees and
administrators.

These tools are in place, but our suc-
cess depends on how many of our
members use them. So come to
Washington for our legislative confer-
ence, get a copy of our new trustee
guidebook, and try our new online edu-
cational class. To those of you who have
committed many hours to our cam-
paign in California and elsewhere to
save our pensions, thank you. To the
remainder of our membership, please
get involved now! ❖

Bob Podgorny
President, NCPERS

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