NCPERS Statement on Pew Charitable Trusts Study
*A Widening Gap in Cities*

Washington, DC – The following is a statement by Hank Kim, Esq., Executive Director and Counsel for the National Conference on Public Employee Retirement Systems (NCPERS), regarding the new study by the Pew Charitable Trusts called *A Widening Gap in Cities*:

“Unfortunately, the analysis presented in the Pew Charitable Trusts new report *A Widening Gap in Cities* presents a distorted and outdated picture of the health of municipal pension plans – primarily because the data Pew worked with is four years old. Examining data from 2009 – immediately following the unexpected market collapse of the Fall 2008 that precipitated the Great Recession – may provide a valuable history lesson, but it cannot yield a realistic representation of the status of municipal pension plans today.

“Fortunately, another study can. The NCPERS 2012 Fund Membership Study, conducted by the National Conference on Public Employee Retirement Systems and Cobalt Community Research, surveyed no less than 147 public pension funds in the spring of 2012. The vast majority – 84 percent – were local pension funds, while the remaining 16 percent were state pension funds. The study included 123 municipal pension funds – more than double the number surveyed by Pew – and examined those funds’ most recent fiscal year data, not data from 2009.

“NCPERS’ far more comprehensive and up-to-date study found that local pension funds are continuing their strong recovery from the negative impacts caused by the Great Recession. They remain solidly funded, have strong confidence in their ability to address the challenges ahead and continue to adopt organizational and operational changes to ensure their long-term financial health and sustainability.

“Participating funds reported a solid average funded level of 74.9 percent – and it’s important to note that according to its February 2011 report *Enhancing the Analysis of U.S. State and Local Government Pension Obligations*, Fitch Ratings considers a funded ratio of 70 percent or above to be adequate. Those funds also reported strong and growing returns on their longer-term investments (three to 10 years), a very good sign for any organization that pays off its liabilities over an extended period of time.
“Policymakers at every level of government need and deserve the clearest possible picture of the state of public pension funds, based on current, up-to-date data. Otherwise, bad and ill-informed policies will result – with unnecessarily negative impacts on public sector employees, on state and local budget and revenue decisions and on taxpayers everywhere.”

About NCPERS

The National Conference on Public Employee Retirement Systems (NCPERS) is the largest trade association for public sector pension funds, representing more than 550 funds throughout the United States and Canada. It is a unique non-profit network of public trustees, administrators, public officials and investment professionals who collectively manage nearly $3 trillion in pension assets. Founded in 1941, NCPERS is the principal trade association working to promote and protect pensions by focusing on advocacy, research and education for the benefit of public sector pension stakeholders.

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