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To the Editor:

Mary Williams Walsh takes a fundamentally misleading approach by using Puerto Rico's economic woes as the lens through which to critique public pensions in general. ("In Puerto Rico, Teachers' Pension Fund Works Like a Ponzi Scheme," March 8, 2017)

Puerto Rico faces atypical challenges with its government obligation bonds and its economy. Puerto Rico has been in economic depression for 11 consecutive years, starting in 2006 when Section 936 of U.S. Internal Revenue Code was repealed, eliminating incentives for U.S. corporations to do business in Puerto Rico.

These financial challenges are likely to be addressed through the oversight board established by recent legislation (Puerto Rico Oversight, Management, and Economic Stability Act) passed by 114th Congress.

Pension plans are not Ponzi schemes, and Ms. Walsh knows it. The amount of benefit to be paid is based on salary, years of service, and age – not on how much the worker contributes. Moreover, employees continue to own the contributions they make, and these funds are typically returned to workers who leave public service before reaching retirement age. Though public pension benefits are relatively small—averaging $26,455 for teachers in 2014—they play an important role in stabilizing local economies and providing a stable, predictable source of income to enable public servants to retire with dignity.

Respectfully,

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