NCPERS Gives Public Pension Systems Tool for Screening Service Providers

List Spotlights How 24 Research and Policy Organizations Undercut Defined-Benefit Plans

Washington, D.C. – The National Conference of Public Employee Retirement Systems is intensifying its push to ensure that service providers are acting in the interest of public pension plans.

NCPERS has identified 24 research and policy organizations that have taken stances contrary to the interests of public pension plan participants, and is asking its members to obtain disclosures from service providers that contribute to these organizations. The list of policy and research organizations, known as Schedule A, has been incorporated into the NCPERS Code of Conduct for Public Pension Service Providers, which was unveiled in May 2015. The Code of Conduct was designed to help pension plan fiduciaries and managers to articulate strong, consistent ethical expectations for service providers.

Having aired the voluntary Code of Conduct over the summer, NCPERS is now formally asking public pension systems to adopt it and to request that their service providers endorse it.

“Pension plan directors and trustees typically contract for a wide range of services in areas such as legal, accounting, recordkeeping, custody, investment management, and participant support,” said Hank H. Kim, Esq., executive director and counsel of NCPERS. “They owe it to plan participants and beneficiaries to select providers that are both highly qualified and free of conflicts. The payment of fees to a service provider that is spending money in a way that undermines pensions sets up a conflict that we all want to avoid.”

“Schedule A was inspired by socially responsible investing strategies, which give investors a way to screen investments that do not mesh with their environmental, social, and corporate governance goals,” Kim added. “We are giving pension systems a way to screen service providers for practices that harm pension participants and beneficiaries. This information can help plan fiduciaries and managers open up a productive dialogue with their service providers.”

The list, known as Schedule A, identifies research and policy organizations that:
• Advocate or advance the claim that public defined-benefit plans are unsustainable.
• Advocate for a defined-contribution plan to replace a public defined-benefit plan.
• Advocate for a poorly designed cash-balance plan to replace a defined-benefit plan.
• Advocate for a poorly designed combination plan to replace the public defined-benefit plan.
• Link school performance evaluations to whether a defined-benefit plan is available to teachers and school employees.

About NCPERS

The National Conference on Public Employee Retirement Systems (NCPERS) is the largest trade association for public sector pension funds, representing more than 500 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 more than $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.