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The musings of two academics demonstrate the danger of possessing a little knowledge of history but no insight into the workings of public pension plans.

Should readers be shocked to learn from a PhD student and an assistant professor of independent studies that 78 years ago, investing looked different than it does today? No. Most Americans grasp this.

Is it informative to read that bonds were the choice of public pensions at a time when Studebakers and rotary phones were the choice of the general public? No again. To pretend this is meaningful information ignores eight decades of progress in the capital markets—progress that has not succeeded in repealing economic cycles, but that nevertheless has delivered the concepts of diversification and risk management.

We are in the midst of a deep and unexpected shock to the entire economy—one facet of which is the stock market, in which public pensions invest a portion, but not all, of their holdings. Everyone is affected; there is no safe haven. Eventually a clearer picture will emerge. For now, public pensions continue to meet their obligations, paying benefits to the nurses, community hospital employees, firefighters, police officers, teachers and other public servants who play critical roles in the fight against the pandemic. Public pensions have not missed a payment; there's no sign that they will.

Rather than focus their attention on pension practices of 1942, the authors might instead ponder the value of patient investing, which is second nature to public pension funds.

Respectfully,

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