FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION

PENSION NEWS CLIPS APRIL 2018 ON FLORIDA PENSION ISSUES
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Punished because he sought help

By Diane Diamond, Altoona (PA) Mirror, April 29, 2018

Late last month, Florida's governor signed a bill to rectify that, but it was not in time to help former Cpl. Omar Delgado, one of the first on scene at the Pulse shooting. He found he couldn't shake the blood-soaked scene from his mind and reached out for help. He took a few months off and was then placed on desk duty. With just six months to go before being vested in the pension system, he was fired. Delgado, a married father of three, said, "I guess I'm being punished because I asked for help." It is time to lift the mental health stigma that most certainly affects a sizable segment of our first responders. They cannot see what they see and do what they do month after month without there being some profound effect on their psyches. ***Editor's Note:*** This article appeared in numerous newspapers across the United States.

Retired Firefighter Walks State For Cancer Recognition

By Abe Aboraya, WUSF News, April 26, 2018

At the border between Brevard and Orange counties, a line of fire trucks with their lights on greet Tom "Bull" Hill as a hero when he arrives to walk across the county. Bull is a retired Central Florida firefighter. He is walking from Key West to Tallahassee to get Florida to recognize that cancer can be caused by the hazards of the job. Currently, Florida law recognizes that heart disease, high blood pressure and tuberculosis are caused by working as a firefighter. And that's important because it makes those conditions covered by workers' compensation coverage and disability pensions. And now Bull and other firefighters want to add cancer to that list. According to the National Fallen Firefighter Foundation, 33 states cover firefighters for one or more cancers this way. Florida does not. Firefighters are 9 percent more likely to be diagnosed with cancer, and 14 percent more likely to die from it than the general population.

Portfolio size no guarantee of protection

By Arleen Jacobius, Pensions & Investments, April 30, 2018

New analysis of U.S. pension plans' buyout portfolios reveals that the largest are not necessarily the most successful when evaluated for both risk and returns. The $22.1 billion Los Angeles Fire and Police Pensions' $2 billion private equity portfolio ranked No. 1 on the inaugural list of 11 funds, achieving the highest average of its risk and return scores. The $11 billion private equity portfolio of the Florida State Board of Administration, Tallahassee, which oversees a total of $209.7 billion, including the $167 billion Florida Retirement System, was in second place, and the $26.8 billion private equity portfolio of the $351.5 billion California Public Employees' Retirement System, Sacramento, was third on the risk-return ranking. FSBA's private equity portfolio is tilted toward buyouts, with 65% of the private equity in those funds.

[As battle for control of the U.S. Senate heats up, activists assail Nelson and Scott]

By James Call, Tallahassee Democrat, April 26, 2018

Retirees gathered at the dolphins statue in front of the state Capitol to bash Gov. Rick Scott's handling of their pension fund while pro-life teenagers a half mile away at the federal courthouse waved signs threatening to vote Sen. Bill Nelson out of office. David Jacobsen, head of the Northwest Florida AFSCME Retired State Workers, called for an investigation of Scott for chairing a political action committee that accepted contributions from pension management firms. The Florida Retirement System generated more than $3 million in fees for two firms last year that sent more than $50,000 to the New Republican PAC when Scott was the chair. Jacobsen and others say the contributions suggest Scott directed state business to his benefit. Florida directed FRS investments to the firms in question before Scott was elected governor. Securities, campaign finance and ethics laws do not directly address a situation in which an official chairs a PAC that accepts donations from companies with business before the state and then becomes a candidate that accepts contributions from the PAC.

[The Problem With Public Pensions Isn't Size, It's the Politics of Funding]

By Kevin Drum, Mother Jones, April 16, 2018

The New York Times ran a piece this weekend about the growing burden of paying public pensions. Naturally it features a few examples of outrageously high pensions, but the overall gist is that the cost of pensions is getting so high that it's crowding out spending on other things. Public pensions are fairly ordinary. The biggest exception is police and firefighters, who are often allowed to retire after only 20 years; are allowed to spike their pensions; are able to take part in special semi-retirement programs that boost their pensions even more; frequently take disability pensions; and just generally have pensions that pay them a high percentage of their working salaries. The real issue, as everyone knows, isn't so much the size of public pensions as the fact that they're almost never fully funded. One way or the other, paying out old pensions is probably going to require an average increase in state and local taxes of about 5-10 percent or so.

[Public Sector Pensions Are A Problem]

By Adam Osimek, Forbes, April 15, 2018

The New York Times has a great story on how government pensions are a big problem that are crowding out spending. The article discusses a retired college president who has a $76,000 a month pension as an example, but the problems go far beyond the top 1% of government employees. Scranton, Pennsylvania illustrates how poorly designed pensions can be. In Scranton 58% of police and firefighters are on a disability pension, which means they were able to retire before the mandatory minimum age. In 2012, the average age of retired Scranton police officers was 44.9 years old. Some of these "disabled" cops go on to get second jobs as cops in nearby areas. Another problem is pension spiking, which pays pensions according to the highest annual incomes rather than average incomes. This leads workers to log tons of unnecessary overtime for a few years to boost their pensions far above what their base salary would command. In fact it can lead to pensions that are actually larger than a worker's salary was. In many places, however, lucrative and poorly designed pensions that public sector unions have bargained for are crowding out spending in a significant way.

[States have a $1.4 trillion pension problem]

By Katie Lobosco, CNN Money, April 12, 2018

In most states, public pension funds don't have enough money to pay for benefits they've promised to government workers. The problem is getting worse. Overall, the shortfall across states grew by $295 billion between 2015 and 2016, according to a new report from The Pew Charitable Trusts. All together, state pension plans had just $2.6 trillion to cover a cumulative liability of $4 trillion. But the gap can't be blamed on the stock market entirely. Many states simply don't contribute enough money. Twenty-three states still would have fallen short of what they needed even if their investment assumptions had been correct in 2016, according to the report. Lawmakers in some states have changed the pension benefits they promise to future workers as a way to stem the growing liability.

Why Public Pension Pre-Funding Matters (An Explainer)

By Elizabeth Bauer, Forbes, April 3, 2018

Three separate news items, each a reminder of the perils of underfunding public pensions: Puerto Rico rejects pension reform and cuts; Kentucky teachers skip work after “bait and switch” on pension reform; Court strikes down Chicago Park District pension plan. One key assumption underlying the explicit acceptance of underfunded pension plans, is that, in fact, public employers will always be there. And pension debt is even worse than ordinary state debts, for instance, bond issues for building up infrastructure. Pension debt is nothing other than borrowing to pay for present-day employee salaries. And, worse, legislators can pick and choose when and whether to "pay off" the debt or allow it to grow (that is, by making, or failing to make contributions to the pension funds). Pension funding is fundamentally a matter of good governance. A well-funded plan goes a long way toward remedying the risk of legacy costs -- if the funding valuations and asset allocations are based on assumptions that are sufficiently conservative so as to minimize the risk of future adverse experience. But it's not an easy solution to the problem of a legislature that too easily succumbs to the temptation to defer funding, or local school boards that are too eager to game the system. And pension funds can themselves be at risk of further problems, when the state uses the funds to dole out political favors by means of investment choices or management firms.

NCPERS honors public plans for transparency

By Hazel Bradford, Pensions & Investments, April 16, 2018

Public pension plans working to improve transparency and communication with the general public are being recognized by the National Conference on Public Employee Retirement Systems. Which awarded Certificates of Transparency to 164 public pension funds for their contributions to enhancing public understanding of retirement systems. Hank H. Kim, executive director and counsel, said the plans being recognized "are going the extra mile" by participating in the 2017 NCPERS Public Retirement Systems Study, the results of which were released in January. The study details efforts by the plans' trustees, managers and administrators to improve finances and operations.

U.S. Pension Fund Collapse Isn't a Distant Prospect. It Could Come in 5 Years

By Aaron Brown, MSN Money, April 19, 2018

Warnings about looming public pension disasters have regularly cropped up since the 1950s, pointing to problems 25 years or more down the line. To politicians and union leaders, the troubles were someone else's predicament. Then crisis fatigue set in as the big problem remained down the road. Today, the hard stop is five to 10 years away, within the career plans of current officials. In the next decade, and probably within five years, some large states are going to face insolvency due to pensions, absent major changes. Although most of the problem is created by politicians and union leaders cutting deals to promise future unfunded benefits to keep voters happy, there are also plenty of stories of politicians and union leaders risking their careers to stand up for honest pensions. The next phase of public pension reform will likely be touched off by a stock market decline that creates the real possibility of at least one state fund running out of cash within a couple of years. The math says that tax increases and spending cuts cannot do much. Actuarial problems 25 years in the future can be solved with only moderate pain today.

Pension Reform Hurts Public Sector Competitiveness

By Michael Katz, Chief Investment Officer, April 20, 2018

A new report exploring the effects of pension reform on state and local government competitiveness in the labor market has found that pension benefit cuts have hurt governments' ability to attract new employees. According to the report, common changes included increasing the normal retirement age, reducing the monthly benefit that workers will receive when they retire, requiring employees to contribute more to the pension fund, and reducing post-retirement cost-of-living adjustments. It also found that most of the cuts applied only to new hires because many states consider future accruals of pension benefits for current workers to be contractual obligations that can't legally be reduced. Overall, the report found that the research results imply that the public sector had trouble hiring and retaining the same type of workers it used to after a benefit cut.

America's public pensions matter

By Andrew Collier, Opinion Contributor, The Hill, April 25, 2018

Superstar college coaches. Flagship state university presidents. Do you think high-profile figures like these represent the average worker? I sure don't. There's a lot of attention being paid to public pensions right now as America faces a retirement crisis, and states face pressure to offer expensive tax loopholes and tax breaks to big corporations like Amazon, Foxconn, Walmart and other businesses. Unfortunately, there's a tendency to focus on the flashy outliers, which are the handful of regional celebrities who have negotiated individual contracts for a lifetime of financial support. In truth, the average person receiving a public pension is a retired teacher, police officer, firefighter or nurse. Public pensions are a tradition for a reason. They made the American dream possible for generations. As they spread across the country from the 1930s through the 1960s, suddenly seniors who had worked all their lives were freed from the desperation and poverty that awaited those in earlier decades. More seniors could safely retire, and young workers were incentivized to work hard and accept demanding jobs, knowing they would be compensated for their efforts and commitment in retirement. The system wasn't perfect, but it rewarded grit and steadfastness. It was good for our economy and our culture. It's about millions of nurses and cops, not a handful of football celebrities. It's about whether showing up on time and getting the job done for decades still means something in this country. Our parents and grandparents believed that it does. I do, too.
Editor's Note: Andrew Collier is communications director of the National Public Pension Coalition.

The big myth about America's pension crisis

By Lydia DePillis, CNN Money, April 30, 2018

America's pension crisis is growing. Public pension funds don't have nearly enough money to pay for the benefits promised to government workers. The shortfall across the United States grew by $295 billion between 2015 and 2016, according to a recent report from the Pew Charitable Trusts. The soaring costs have fueled outrage in some camps, sparking a belief shared regularly in letters to the editor and conservative magazines that pensioners are living richly on the backs of taxpayers who themselves can barely afford a secure retirement, if any. But there are a few misconceptions floating around this debate. First, most retired public servants aren't living that comfortably on their pension income alone. The average state and local pension benefit was $27,415 a year in 2016. Annual payouts ranged widely by state, from $16,441 in West Virginia to $37,934 in Connecticut. Florida's average benefit is $23,349. Second, the majority of that income isn't supplied by taxpayers at all. Between 1993 and 2014, about 64% of pension funding came from investment earnings, according to Census Bureau data. On average, pension contributions account for 4.7% of state and local spending. That's up from a low of 2.3% in 2002, when many governments weren't contributing enough to meet their future obligations. According to NASRA, "nearly every state" revised their benefits policy in an effort to control costs after the Great Recession.