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Mr. Thomas Feyer
Letters Editor
The New York Times
620 Eighth Avenue
New York, NY 10018

Via Email: tomfeyer@nytimes.com and letters@nytimes.com

Dear Mr. Feyer,

The New York Times April 2, 2020, article on public pension funds rightly notes the challenges that will arise because of the unprecedented economic conditions facing all investors. But characterizing these retirement plans that serve 15 million working and 11 million retired employees of state and local government as "time bombs" borders on journalistic malpractice.

While a handful of pension plans have faced underfunding challenges, the vast majority of these plans are built to last. Looking back, the 2008 global market crash reduced public pension fund asset values from \$3.15 trillion in 2007 to \$2.17 trillion in 2009. But since 2009, nearly every state has enacted meaningful reforms to their pension plans to ensure their long-term sustainability – including benefit reforms and increasing employee contributions. Now, most plans are well-funded and financially stable according to the Boston College Center for Retirement Research. In fact, as of the fourth quarter of 2019, public pension assets were \$4.82 trillion, doubling their asset values in less than a decade after surviving the 2008 financial crisis.

The article also ignores context regarding the historical ability of public pensions to withstand market downturns. Our analysis of U.S. Federal Reserve and U.S. Census Bureau public pension data from 1993 to 2005 found that public pensions followed well-established practices for prudent, long-term investing before, during, and after the 2001 market plunge. This indicates that public plans can recover from the coronavirus financial crisis in a manageable way. The same cannot be said for the millions of Americans who have seen their 401(k) accounts wiped out, especially for those with no time to recover.

Finally, the article fails to understand that the sizeable economic impact of pensions is vital during this financial crisis. Pensions can act as an 'economic stabilizer' during volatile times because retirees with stable monthly pension income can continue to spend on basic needs, even during an economic downturn. In contrast, many retirees relying solely on plummeting 401(k)s or individual retirement accounts will need to retreat from spending precisely at a time when the economy is struggling. Our research found that \$1.2 trillion in economic output stemmed from public and private sector pension benefit payments in 2016, or more than six percent of the U.S. economy that year.

Too many Americans were in a financially precarious situation before this crisis, living paycheck to paycheck and not contributing to retirement plans. Because families are so financially vulnerable, this likely will contribute to the need for repeated massive stimulus bills. Fortunately, pensions are a source of reliable income that will help Main Street during these volatile times.

Dan Doonan
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