Revisiting Lessons from Well-Funded Public Retirement Plans

Webinar

August 19, 2020
Logistics

• Attendees in listen only mode.

• Questions welcome. Type question using “Question” function on control panel, and we will answer.

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• Webinar replay and slides will be posted at https://www.nirsonline.org/events.
Speakers

Dan Doonan
Executive Director, National Institute on Retirement Security

Bob Conlin
Secretary, Wisconsin Department of Employee Trust Funds

Don Drum
Executive Director, Public Employees Retirement System of Idaho

Tom Lee
Executive Director, New York State Teachers’ Retirement System
Analysis of six plans that remained well funded despite the financial crisis had the following features:

1. Employer pension contributions that pay the full amount of the ARC, and that maintain stability in the contribution rate over time, that is, at least equal the normal cost;

2. Employee contributions to help share in the cost of the plan;

3. Benefit improvements such as multiplier increases that are actuarially valued before adoption, and properly funded upon adoption;

4. COLAs that are granted responsibly, for example, through a quickly amortized ad hoc COLA, or a capped automatic COLA;

5. Anti-spiking measures that ensure actuarial integrity and transparency;

6. Economic actuarial assumptions, including both the discount rate and inflation rate, that can reasonably be expected to be achieved long term.
New York State Teachers’ Retirement System

Breakdown of Income Sources for 30 Year Period
7/1/1990 – 6/30/2020

- 84% Net Investment Income
- 14% Employer Contributions
- 2% Member Contributions
New York State Teachers’ Retirement System

Thirty Year Period
1990 – 2020

Employer Contributions
$30.0 billion

Member Contributions
$4.5 billion

Investment Income
$187.2* billion

Benefit Payments and Expenses
$126.8 billion

Approximate Market Value of Assets- 1990: $25.0 B
Approximate Market Value of Assets- 2020: $119.9 B*

*Based on estimated 6/30/2020 final quarter Real Estate and Private Equity values.
Questions