

Pension Funds Soar To 20% Earnings Rate, Liu Reveals

By DAVID SIMS | Posted: Monday, July 11, 2011 5:00 pm

The city's pension funds are continuing to recover from their recession-era lows with a return of 20 percent this year, bringing their value up to \$119 billion, above the pre-2008 crash peak of \$115 billion and well above last year's value of \$97.8 billion.

City Comptroller John C. Liu said that a "diversification strategy" in his office had been part of the funds' recovery, although the stock and bond markets have seen similar rises since the 2008 economic crisis.

'Diversification Paying Off'

"While the markets remain volatile, we have vigorously pursued a diversification strategy to enhance our returns while lowering pension costs to the city," Mr. Liu said in a statement. "This will protect pensioners and taxpayers alike in the long run. It has been gratifying to work closely with our dedicated trustees to achieve these results."

Credit the Stock Market

Mr. Liu said he had added experienced professionals to the investment team to help target areas like hedge funds, private equity and real estate as part of a rejuvenation effort.

But the improvement can mostly be traced to the general recovery of the stock market since 2008, although the turnaround in the job market has not been nearly as rapid.

The 20-percent rise comes after a 14-percent jump in 2010. A previous report from Mr. Liu's office estimated that pension costs, currently more than 10 percent of the city's budget, would plateau in 2016 and then decline to more-sustainable levels in the following years.