Analyzing New York City's Pension Funds

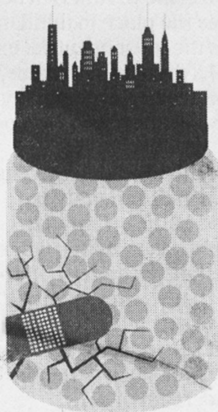
TO THE EDITOR:

As a trustee of one of New York City's pension boards, the New York City Employees' Retirement System, I take issue with the grim picture of the financial health of the city's pension fund in your Aug. 4 article.

The article picks the year 2000 as a baseline comparison for the city's contribution to the pension system, a year in which the city's payment was $1 billion lower than usual because of a one-time reassessment of the fund's assets. Using this year to compare against future years unfairly inflates the growth of pension liabilities.

Moreover, in the early 2000s, the market was still recovering from the tech stock crash, which had a devastating effect on the general public and pension systems. The malfeasance by publicly traded companies like Enron, WorldCom, Adelphia and so on caused tremendous damage to the assets of the pension funds and led to higher contributions.

A few years of prosperity were followed by another precipitous crash, with the Dow cratering 50 percent between 2007 and 2009. Advising the pension fund to limit investments to stocks and high-rated bonds and not to invest in private equity or alternatives goes against the concept of diversification that is embraced by all major pension funds.



ANDRÉ DA LOBA

That approach would have led to an even more catastrophic loss to the funds if we had narrowed our choices of asset classes. Even so, the crash again led to higher contributions.

Given our experience and the true factors for recent pension contributions, we think that it's better to stick with the current trustees instead of Wall Street "professionals."

GREGORY FLOYD
President, Local 237 Teamsters
New York, Aug. 6, 2014