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# PFM Is Abhorrently Wrong On Pensions

LEXINGTON – Today, the Kentucky Public Pension Coalition (KPPC) expressed disappointment that PFM used its Pension Performance and Best Practices Analysis to promote Governor Bevin's political agenda, rather than to offer constructive solutions for Kentucky's pension systems. PFM's 401(k) "solution" has been tried and failed in other states.

Placing newly hired Kentucky public servants in 401(k)s will do nothing to address the unfunded liability of our pension systems, a fact conveniently left out of the PFM report. Such a move will cost the state more money every single year for decades. The report relies upon junk math that has been discredited in other states in the past. PFM is promoting a failed model, recommending measures that will hurt the recruitment and retention of the best public servants and threaten the safety of our communities.

The elimination of "years of service" retirement eligibility will cruelly move the goalposts of retirement for so many hardworking, current public employees. This will force some, who are just months away from retirement, to work an additional 10, 12, even 15 additional years, without any increase in benefits.

Ron Richmond of the Kentucky Public Pension Coalition commented:

> "This report was put together by an organization that puts political agendas over data. As a state, we must take their recommendations with a grain of salt – their math doesn't even add up. Other states have made this mistake before and faced the consequences. In the early 1990's West Virginia switched to a 401(k)-style system for their newly hired teachers after years of underfunding, only to make the situation worse. So much so that they moved teachers back to a defined benefit pension in the mid-2000's. How PFM could make this recommendation is astounding."

Brian O'Neill of the Kentucky Public Pension Coalition also responded:

> "The report presented today by the PFM group is disappointing. The idea of 60-year-old firefighters should concern everyone in the Commonwealth. All systems within KRS have seen 30 year returns around 9%, so their stated need for a further reduction of the assumed rate of return, which artificially inflates the unfunded liability, makes me question all of their math. Additionally, reducing the retirement checks of current retirees by eliminating all COLA's is insulting to our members who are simply trying to enjoy a dignified retirement. I am sure that our legislators will agree that KY is better than this."

If you're interested in speaking with Ron Richmond or Brian O'Neill from the Kentucky Public Pension Coalition, please contact Andrew Collier at 202-774-0171 or at acollier@protectpensions.org

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