CITY EMPLOYEES UNION LOCAL 237

AFFILIATED WITH THE

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

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GREGORY FLOYD
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TO THE EDITOR

By cherry picking facts and events, David Chen and Marcy Williams Walsh (New York City Pension System is Strained by Costs and Politics, 8/3) portrays a grim picture of the financial health of the City's pension fund. Fortunately, it's not even close to accurate.

For example, the authors pick 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 therefore is disingenuous and unfairly inflates the growth of pension liabilities.

Moreover, in the early 2000's, the market was still recovering from the tech stock crash, which had a devastating effect on both the public and pension systems. The malfeasance perpetrated by publicly traded companies such as Enron, Worldcom, Adelphia, etc. caused tremendous damage to the assets of the pension funds and also led to higher contributions.

A few years of prosperity were then followed by another precipitous crash, with the Dow cratering 50% 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 which is embraced by all major pension funds. That approach would have led to an even more catastrophic loss to the Funds had we narrowed our choices of asset classes. Even still, the crash again led to higher contributions.

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

GREGORY FLOYD

New York, August 6, 2014