

## State & Local Governments & Pensions Email Response from Joe Young 12/21/2010

**From:** Young, Joe  
**Sent:** Tuesday, December 21, 2010 1:45 PM  
**To:** Sopranuk, John  
**Subject:** RE: State 7 Local governments & Pensions

Thanks.

Hmmm.....how come the "TO" list is so small? I had already cited the same articles to a couple people just in passing who had asked me, so, WELL WRITTEN by you to point out the issues with government debt and the cautions and fears we should have with government employment and government benefits!!!!

I am glad people are still researching options and researching how to retire as well as possible. Unfortunately government trust and security is not what it was 20, 30 or 50 years ago.

What about sending it to APD or to all MPPP plan members?

Thanks again,

## Merry Christmas

## Joe

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**From:** Sopranuk, John  
**Sent:** Monday, December 20, 2010 9:36 AM  
**To:** McGregor, Rob; Piel, Craig; Carleton, Christopher; Ingui, Matthew; Dick Moore; Jones, Terry; Murphy, Ken; Kelly, Brian; Genaro, Tim; Jeans, Bret; Blanton, James; Clough, Martin; Williams, David; Fazio, Tasha; Parker, Fred; Millsbaugh, Gary; Dunne, Graham; Hinkle, Robert; Selden, Harold; Gaskill, Michael; 'mrgil54@aol.com'; Ortiz, Ernie; Southwick, Patty; Parker, Darin; Pontious, William; Carroll, Randall; Silver, Leland; Torpen, Scott; Steitz, Daniel; Vaz, Damon; Young, Joe; Swart, James; Michelson, Franklin; Herrera, Rudy  
**Subject:** State 7 Local governments & Pensions

Hello,

I have been approached by many, many people to enter the arena for information on the debate of DB vs. DC retirement plans. As a board we are still making decisions as to what, if anything we should do in providing information to the masses. I have attempted here to provide to you information for **YOU** to read and take ownership in, in developing a position on the matter.

As many of you know – I have tracked the state of pension systems domestically as well as globally for the last several years. I have expressed to many of you the thoughts and presentations I have heard from numerous experts relative to Defined Benefit systems. Recently, the collapse of European benefit packages, specifically relating to retirement systems: increasing retirement ages, reduction in benefits and escalating contribution rates up to and including Social Security nationally (USA) and PERA locally (in addition to Qwest & United pension systems) has developed into quite the crisis.

The latest lawsuit in Minnesota to roll-back pension benefits to 1999 levels is being closely watched by numerous states and local governments. As you can see the “*Guarantee*” doesn’t seem to be holding water – as seen here in Colorado:

**“Colorado suspended its 3.5 percent COLA earlier this year, as state projections showed its retirement system bankrupt by 2029 even if the system met it’s 8.5 percent assumed return rate, while South Dakota reduced its COLA from 3.1 percent to 2.1 percent in July.” (*States eye MN Pension Suit*)**

As many of you know I have the belief from my research that the demise of DB schemes will happen. The PEW Center provided (*Trillion Dollar Gap*) the first in-depth study of statewide retirement systems. The flaw in the study is - that we truly do not know just how bad the liabilities are for each these statewide plans.

Rogoff was thought to be less than credible by the mainstream press a few years ago when he provided his eye opening manuscript on the 800 years review of sovereign debt (*This time is Different*). I have to admit – to the few of you who I sent this two years ago – I did get a few looks of surprise. Now his work is in play – as he predicted the country by country collapse.

Last night 60 Minutes provided a very real and fair review of the crisis as it is today. Again, some of the material was on DB schemes.

<http://www.cbsnews.com/video/watch/?id=7166293n&tag=contentMain;cbsCarousel>

I provide the documentation from credible sources to salt your information research in this “debate” DB vs. DC.

You throw in irrevocable transitions from one plan to another, portability of funds, dominion & control of plans and assets, proprietary funds, increased fees, severe reduction in assets for beneficiary provisions etc.....It would be a mystifying position to take in adopting the FPPA plans – because of the “guarantee.”

The below site also tracts public funds. If this alone does not raise your perceptions of “Guarantees,” then nothing will. [www.pensiontsunami.com](http://www.pensiontsunami.com)

Lastly, some will attempt to provide the simplistic view that this is nothing more than an academic exercise or Democrat vs. Republican perceptions.

I'm sorry – it's just math.

John