FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION

PENSION NEWS CLIPS FEBRUARY 2022 ON FLORIDA PENSION ISSUES
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Coral Springs Police Pensioners Sue Jack Dorsey Over Acquisition of Jay-Z's Streaming Service

By Kevin Deutsch, Coral Springs Talk, February 4, 2022

The City of **Coral Springs Police Officers' Pension Plan** has filed suit against Twitter co-founder Jack Dorsey, and several other board members of Block Inc., a payment processing company the pensioners say made a "highly unfair" acquisition of music mogul Jay-Z's "failed" music streaming service, costing investors dearly, court records show. The suit, mounted on behalf of the local pension plan by the law firm **Saxena White P.A.**, of Boca Raton, challenges last year's $237 business deal made by Block, formerly Square Inc., which the pensioners claim "[wiped] out billions of dollars of market capitalization," and triggered a seven percent plunge in Square's stock price, according to the documents. Last month, the suit was filed in chancery court in Delaware, where Square is incorporated, and unsealed this week. Now known as Block, the tech company Square had no experience with music streaming but still acquired a majority stake in the "troubled" streaming service Tidal, then "beset by controversy," including criminal allegations of inflating its streaming numbers, according to the complaint.

With Police Pension Expenses Up 35 Percent From 2018-20, Coral Springs Considers Updating Police Pension Plan

By Leon Fooksman, Tap into Coral Springs, February 13, 2022

Coral Springs' costs for paying the pensions of police officers has steadily been rising from $9.1 million in 2018 to $12.4 million in 2020 – up 35 percent, according to budget documents. This year's costs are budgeted at $9.9 million, but the actual costs won't be known for at least another year or two, the document shows. City commissioners are considering approving an update to the city's police officer pension plan. According to a memo, there are seven changes proposed, including: - The maximum benefit provided in the plan would increase to 87.5 percent. - Covid-19 would qualify as a line of duty death. - Any pension member could buy up to five years of service, but purchased service can't be credited toward vesting within the plan. - Starting in January, members' contributions in the pension plan would increase to 11.5 percent. The city's overall pension expenses went up from $14.8 million in 2018 to $21.7 million in 2020, according to the budget.

Former Naples police officers, veterans push to get back retirement money

By Annette Montgomery, WINK News, February 16, 2022

Tens of thousands of dollars for two military veterans who became Naples police officers before sustaining career-ending injuries in the line of duty, as they continue fighting to get back the money they put in a retirement fund. Brad Gallagher and Ryan Harp put more than $27,000 each into the police pension fund while working as officers in Naples, but the Naples City Council has to amend an ordinance before those former officers can get paid after being permanently disabled. Under the current ordinance, Naples can not provide a refund of pension funds to members who retire under a disability pension.

Capitol Report February 18, 2022
Florida PBS, February 18, 2022

HJR 1 & HB 1563 by Representative Josie Tomkow and SJR 1746 & SB 1748 by Senator Jason Brodeur are the constitutional amendment proposal and implementation legislation which will provide an additional $50,000 homestead exemption to classroom teachers, law enforcement officers, correctional officers, firefighters, child welfare services professionals, active duty members of the United States Armed Forces, and members of the Florida National Guard. The exemption will be assessed on the value greater than $100,000 and up to $150,000 of the occupant's homesteaded property. The exemption will only apply to active "critical public service workers". All four bills were heard in committees this week passing unanimously. There are ongoing discussions about adding other employees to the proposals.

U.S. public pension funds may turn to more 'aggressive' investment, report says
By Davide Barbuscia, Reuters, January 31, 2022

U.S. public pension funds will likely have to switch to more aggressive investment strategies in the coming years to fill funding gaps despite assets held by sovereign investors having grown to record levels amid the 2021 equity market boom, a new report said. On average, the difference between assets and liabilities at U.S. public pension funds, known as the "funded ratio," remains "unsatisfactory" at less than 75%, sovereign investor specialist Global SWF said in a report. To boost returns, many will likely have to focus on alternative assets, including private equity and private credit, Diego Lopez at Global SWF told Reuters.

Workers at private companies have amassed more than $400 million in state-run retirement programs
By Sarah O'Brien, CNBC, February 2, 2022

By the looks of it, state-run retirement programs for private-sector employees are generally working as intended. Those with no access to a 401(k) plan or similar workplace option have collectively saved more than $400 million in individual retirement accounts through such programs. To date, there are three states that have them up and running, although others are on deck. The rise of these state-run programs is part of a broader effort to increase the ranks of retirement savers. An estimated 57 million workers lack access to a plan at their job. Through state-run programs in California, Illinois and Oregon, nearly 430,000 accounts have been funded since the first (OregonSaves) began in 2017.

San Diego to Retroactively Replace Thousands of Employees' DC Plans With Pensions
By Anna Gordon, Plan Sponsor, February 4, 2022

The city of San Diego will be offering retroactive defined benefit (DB) pension benefits to thousands of city employees who were previously only offered defined contribution (DC) plans. The decision comes after the California Supreme Court overturned 2012's Proposition B, a law that was passed after being voted on by the public. Proposition B shifted all city employees except police officers away from pensions to DC plans. The law was in effect from July 2012 through July 2021. Proposition B was controversial and was ultimately deemed to have been illegally placed on the public ballot. The total amount of funds owed to city employees will be approximately $73 million in retroactive pension accruements. The payments will go to approximately 3,850 workers who began working for the city after July 2012. The city will also be required to pay an additional $8 million in court-ordered penalties. San Diego's move calls to mind similar events regarding West Virginia's Teachers' Retirement System (TRS). Chronic funding problems prompted lawmakers to close the pension plan and create a DC plan in 1991. However, several years of poor stock market returns spurred numerous complaints about the newer plan, prompting closure of the state's DC program for teachers and reopening the closed TRS.

Op-ed: Did you know inherited qualified retirement accounts must be liquidated in 10 years? If you didn't, you are not alone

By Josh Strange, CNBC, February 8, 2022

The Secure Act made a major change for beneficiaries of individual retirement accounts and 401(k) plans. One of the bill's provisions requires that inherited qualified retirement accounts must be liquidated within 10 years. That means if you inherit an IRA or a 401(k) plan from someone other than your spouse, the Secure Act could impact your retirement savings plans or strategies to transfer wealth to future generations. Prior to the act, if you inherited an IRA or 401(k), you could "stretch" your taxable distributions and tax payments out over your life expectancy. To be sure, many people have used stretch IRAs and 401(k) plans as a reliable lifetime income source. Now, for IRAs inherited from original owners that passed away on or after Jan. 1, 2020, the new law requires most beneficiaries to withdraw assets from an inherited IRA or 401(k) plan within 10 years following the death of the account holder.

DC Plans Use Pension Features to Improve Retirement Outcomes

By Noah Zuss, Plan Sponsor, February 9, 2022

DC plans are taking on more and more features that primarily used to be associated with defined benefit plans, to some success, but more work lies ahead in building lifetime income options for participants. Recent research from the National Institute on Retirement Security showed that DB plans have retained a cost advantage over DC plans. However, employers have been challenged to meet pension return expectations, and plan sponsors bear all the investment risks with a DB plan, explains Eric Stevenson, president, Nationwide Retirement Plans. The efforts to spice up DC plans with DB features are working to improve participants' retirement readiness, but more work remains to be done, particularly for participants at the decumulation stage who need retirement income options, sources say. DeLong also says the biggest thing missing in DC plans that's present in pensions is the certainty of income, because DC plans were originally aimed as supplementary to pensions and Social Security, so they don't always have a guarantee built in.
Editor's Note: Which is better – a DB or DC? The answer: both are good. FPTTA's position is that all employees should have a DB as their primary source of retirement income, and a DC option to save more and enhance their retirement income.

Retirement Is Complex And Expensive, But Pensions Have Built-In Advantages

By Dan Doonan, Forbes, February 11, 2022

One of the high hurdles when it comes to preparing for retirement is access to an employer-sponsored retirement plan. Unfortunately, retirement coverage is not universal in the U.S., and only about half of workers participate in either a defined benefit plan or a 401(k) account according to the Boston College Center for Retirement Research. This percentage has remained constant for decades, and it's a chronic impediment to financial security for far too many American workers. But even for employees with access to a retirement plan at work, financial security in retirement isn't guaranteed. Workers best positioned to be self-sufficient in retirement have the so-called "three-legged retirement stool"– a defined benefit (DB) pension, individual savings in a 401(k)-style defined contribution (DC) plan, and Social Security. DB pensions are particularly important because they are designed to provide lifetime retirement income with minimal effort from employees. Pension plan assets are pooled, and investments are managed by professionals who are required to act in the best interest of the retirement plan participants. At retirement, employees with a pension receive a predictable monthly paycheck for life. Or said another way, to achieve a target retirement benefit that replaces 54 percent of an individual's final salary, a pension plan requires contributions equal to 16.5 percent of payroll. In contrast, an individually directed DC account requires contributions almost twice as high as the pension plan, at 32.3 percent of payroll.
Editor's Note: Dan Doonan is the Executive Director of the National Institute on Retirement Security and has spoken at FPPTA conference on several occasions.

[A heady year, but risk exercises remain key]
Editorial, P&I, February 14, 2022

Retirement plan sponsors arguably find themselves in the best financial positions since before the global financial crisis — despite nearly two years of pandemic-induced volatility in the economy and markets. In many ways, it has been stunning to see the growth amid the precarious position the global economy has faced since the spread of COVID-19 began in early 2020. Following 6.6% growth in the year ended Sept. 30, 2020 — during the onset of the pandemic and subsequent vast central bank assistance — assets of the 1,000 largest U.S. retirement plans grew by 16.9% in the latest year ended Sept. 30, one of the highest annual rates in the past 30 years. Assets are up more than 50% in just five years. Public pension plans have come a long way in funding but are now more reliant on equity markets and alternatives. Whether the blistering pace of commitments to private equity and private credit, among other alternatives strategies, will continue to pay off for investors or not, there is no mistake that a hunt for yield is on in what are expected to be tepid core bond markets. But this growing reliance on investments in illiquid private equity and credit could backfire, once again putting a strain on government budgets should markets turn. It's important for public plans to do risk management exercises and work on insulating their portfolios from the kind of pain inflicted in past market downturns.

Public pension plans: Returns up, expenses down, more death audits, fewer staff
By Tom Gresham, Benefits Pro, February 17, 2022

Strong investment returns, increased oversight and digital communication efforts, and new concerns about staffing were among the key findings of a report on the fiscal condition of local and state government retirement funds and the latest trends in their operations. The survey from the National Conference on Public Employee Retirement Systems – completed in partnership with Cobalt Community Research – includes responses from 156 local and state government pension funds with more than 17.7 million active and retired members and assets exceeding $2.6 trillion. Local and state pension funds were both represented in the responses (53% and 47%, respectively). NCPERS represents approximately 500 funds throughout the United States and Canada. The survey was held between September and December 2021.
Editor's Note: If you don't read the entire paper, please read the executive summary that gives a great overview of this research.

Norfolk Pension Fund takes Apple to court over losses
By Benjamin Mercer, Pensions Expert, February 18, 2022

A court in California has granted Norfolk County Council's petition, on behalf of the Norfolk Pension Fund, to be named lead representative in a class action lawsuit against Apple over alleged securities fraud. The Norfolk Pension Fund reportedly lost around $1m (£740,000) in Apple shares when its stock price dropped in 2019, and has been in legal dispute with the company for more than two years. Apple is charged with misrepresenting the state of its business in greater China in 2018, when chairman Tim Cook told investors concerned about deceleration in emerging markets that the company did not see the problem affecting its development prospects in what was, at the time, its most important growth market. He told investors at the time: "In relation to China specifically, I would not put China in that category. Our business in China was very strong last quarter. We grew 16 per cent, which we're very happy with. iPhone, in particular, was very strong double-digit growth there.

State and Local Public Pension Plan Funding Up
By Andre Claudio, Route Safety, February 22, 2022

The "funded status" of state and local government pension plans nationwide increased to 75% in 2021, up from 72% in 2020, because of strong investment returns and more governments making required plan contributions. according to the latest Public Plans Database Snapshot analysis from MissionSquare Research Institute. Here are some of the key findings from the December Public Plan Database Snapshot: Most state and local pension plans contribute nearly all or more than the full actuarially determined employer contribution; The mix of pension fund investments has changed immensely since 2005. The share of total portfolios invested in real estate, hedge funds, commodities and alternative investments increased from 9% in 2001 to about 29% in 2020; The ratio of active workers to plan beneficiaries is decreasing across all public plan sizes. Factors contributing to this trend include the ongoing retirement of baby boomers and the departure of other employees amid the "Great Resignation."

Arkansas Teacher Retirement System Reaches $642M Settlement in Pension Loss Lawsuit

By Scott Carroll, Arkansas Business, February 25, 2022

The Arkansas Teacher Retirement System on Friday unanimously approved a $642 million settlement with Allianz, the German finance company it sued for losing $774 million of its pension fund during the March 2020 market panic. The teachers fund filed suit in July 2020, accusing Allianz of breach of contract, breach of fiduciary duty and negligence. The company had bet heavily on stock options, and it argued that the losses were the result of unprecedented market volatility at the beginning of the COVID-19 pandemic. The fund losses have led to investigations by the U.S. Justice Department and Securities and Exchange Commission.