

**Outline of Testimony by Hank Kim, Esq.
Executive Director & Counsel
National Conference on Public Employee Retirement Systems**

I. Who we *ARE*

- a. Largest trade association of public pension plans with over 500 pension fund members from statewide to county to municipal plans
- b. NCPERS provides Advocacy, Research, and Education to our members
- c. Unique perspective of plan participants

II. Retired Public Servants have an Enhanced Property Right to Public Plans Benefits

- a. One of the arguments made in favor of applying “market value liability” (MVL) to public plans is that MVL will help ensure that public plan participants will receive the benefits they were promised.
- b. However, there are differences between ERISA plans and public plans that undermine this argument.
- c. All states recognize either a constitutional or contractual right to promised benefits for public plan participants. Thus, unlike ERISA plans, there cannot be retroactive diminution of public plan benefits.
- d. Further, on balance, case law seems to suggest that the contributory feature of most public plans provides participants an enhanced property right to their promised benefits.
- e. In most public plans, participants contribute towards their pension benefit, i.e., employee contributions, plan sponsor contributions, and investment returns fund pension benefits.
- f. Participants in ERISA plans do not contribute any money towards their pension benefit, i.e., only the contributions from the plan sponsors and investment returns fund pension benefits.

III. Conventional approaches better reflect the underlying nature of the governments that sponsor the plans, as well as the goals of governmental accounting.

IV. Conventional approaches have succeeded in funding most public pension plans.

V. Conventional approaches better reflect the underlying nature and dynamics of public pension plans.

VI. Conventional approaches are more likely to provide for stable contribution rates.

VII. Conventional approaches are more likely to allocate pension costs equitably across current and future taxpayers.

VIII. Conventional approaches are more likely to support better decisions related to public plan funding.