

Are you a member of PERS?

Part 2

From [yesterday's report](#): "According to **Moody's**, Mississippi's PERS is badly underfunded, with approximately \$.58 of each dollar needed to honor its obligations to its retirees available to satisfy its pension requirements." This is an alarming underfunded debt and risk to the PERS system, if we consider merely one fact. This massive underfunding remains after one of the largest increases in the history of the stock market. And PERS still hasn't come close to catching up. We are now at all time highs in the stock market, e.g., DOW above 17,000!

Here's an obvious problem. What's happened in the past, time and again, at such market highs? The stock market will plummet. How much? The Fed has created a bubble in the stock market with its imposition of a near zero interest rate. When the stock market plummets again, it may set back PERS even more than its setback in 2008/2009 stock market decline. What will be the underfunding be when, not if, the next major stock market decline occurs? And that decline will happen in the future as surely as it has happened periodically in the past. PERS may continue to sink in unfunded debt.

Our next report in this series will examine just how silly PERS thinking is.