

## *Is PERS Playing a Fool's Game?*

CNBC reported the thoughts of [Warren Buffett](#), the “Oracle of Omaha”, on “public pensions, colleges and the like: Stop pouring money into expensive, high-end money managers.” If you have any doubt Mississippi PERS is doing just that, take a look at *Public Employees Retirement System of Mississippi v. Goldman Sachs Group Inc.*, 09-cv-01110, U.S. District Court, Southern District of New York (Manhattan). (There were [more than 150 investors](#) in the class that will, presumably share in the proceeds of any settlement.) Even with its share of the settlement and the record stock market levels, PERS is still only 61 percent funded.

According to Mississippi Litigation Review and Commentary in November 2013, “The good news is that the PERS investment return improved to 13.4%. The bad news is that despite the improved (and unsustainable) investment performance, the funding deficit **grew** by \$3 million. The reason is that there are not enough active members in the system to support the growing number of retirees.”

If you think this isn't potentially important, take a look at a recent [PERS publication](#): “Since 2005, the employer rate has increased six times—most recently from 12.93 to 14.26 percent, effective July 1.” In effect, since PERS (The Public Retirement System) pays retired public employees, this increase is being passed on to taxpayers.

In chasing after a higher rate of return, PERS put our retirement money into risky mortgage backed securities. We still don't know how much PERS lost and will not recover.