Is your retirement safe?

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 2015, PERS cheerfully reported that it has 61 cents to pay for every dollar owed its current pensioners and everything will be just fine by 2042. In 2016, PERS told us that it was now assuming a 7.75% rate of return.

Is it possible that PERS is whistling past a graveyard? As reported in American Thinker, earlier this year, out of 50 states, Mississippi's PERS is number seven on the list of most underfunded state pension plans.

> **7. Mississippi**
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> With unfunded liability reaching nearly $50 billion and per-person unfunded liability at more than $16,000, Mississippi has a funded ratio of just 57.6 percent, a record low for the state.

Let's look at some of the details. PERS actual return on investment in 2015 was 3.5% -- not the 7.75% projected. PERS will tell you they project 7.75% to smooth out the good and bad years.

Stated simply the rosy claims offered retirees appears to have little basis in fact:

> The problem PERS faces is structural in nature. The retirees and other beneficiaries continue to grow in number but the contributions paid into the system continue to fall. The ratio of active workers to retirees has fallen from 2.4 in 2006 to 1.6 in 2015. The PERS portfolio earned a return of 18% in 2014 but the growth in retirees prevented it from enjoying the full benefits of that return. The slightly positive rate of return in 2015 was not enough to keep the funding level from falling by half a point. The deficit's growth ate up nearly all of the investment income. PERS also increased the amortization period to 32 years.

usmnews.net urges you to read the excellent blog, "PERS Plods Along but is it Recovering" which contains a detailed review of PERS current, and very troubling, financial status.