

How Safe is your PERS Check?

Many of us receive monthly checks from PERS. That check forms part of our retirement security. As we have been told, a sound retirement plan relies on a pension, social security and savings. Taken together, these three elements should form the basis for a comfortable, secure retirement.

Over the past several years, private employees have learned that their pensions are not all that secure. Companies file bankruptcy to eliminate or greatly reduce their unfunded pension liabilities. However, most of us who have public pensions have assumed our retirement is secure. Increasingly, that assumption is being drawn into question.

Yesterday CNBC published "[Cracks Starting to Appear in Public Pensions' Armor](#)". While I recommend that you read the article in its entirety, here is an excerpt identifying three states that has taken action to reduce their pension liabilities.

First in [Detroit](#), then in Stockton, [Calif.](#), and now in [New Jersey](#), judges and other top officials are challenging the widespread belief that public pensions are untouchable.

[Gov. Chris Christie](#) of New Jersey delivered the latest blow on Tuesday, when he proposed to freeze that state's public pension plans and move workers into new ones intended not to overwhelm future budgets or impose open-ended demands on taxpayers...

Surely, our PERS is safe? Mississippi is a conservative state. However, according to from PERS' *Forward*, February 2015, we get less than comforting news in the Executive Director's Column by Pat Robertson: "New Year, Bright Forecast."

PERS is now two years into its revised funding policy, which set a goal to be 80 percent funded by 2042. Currently PERS is 61 percent funded (up from 58 percent last year), which means that, if we received no more income (contributions or investment earnings), we could fund the retirement of 61 percent of our retirees and current members for the rest of their lives...

Do you really think Ms. Robertson's optimistic claim is good news? According to her, PERS is now 61 percent funded -- up from 58 percent -- during a year in which the stock market hit all time highs.

Ms. Robertson's attempt to place a positive spin on PERS situation does not stand up to the hard cold facts. "[Morningstar](#) considers a pension plan to be so underfunded as to be declared "not fiscally sound" if it is less than 70 percent fully funded." Simply stated, Mississippi's PERS is "not fiscally sound," leaving all retirees at risk.

