Mississippi Public Employee Retirement System
A Cautionary Report from the Pew Center on States

A recent report from the Pew Center on States offers facts that indicate:

> The gap between the promises states have made for public employees' retirement benefits and the money they have set aside to pay these bills was at least $1.38 trillion in fiscal year 2010, according to Pew's latest comprehensive analysis on pension and retiree health care funding.
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> States continue to lose ground in their efforts to cover the long-term costs of their employees' pensions and retiree health care. In fiscal year 2010, states were $1.38 trillion short of having saved enough to pay their retirement bills, a nine percent increase from the year before.
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> Over the last three years, the majority of states put reforms in place to better manage their retirement bills, but there is more work to be done to get back on solid fiscal footing.

Pew ranks States as solid performer, needs improvement, and serious concerns. Unfortunately, Mississippi is at the bottom of the barrel. "Mississippi's management of its long-term liabilities for pensions and retiree health care was cause for **serious concern**." (Emphasis added.)

The Pew report continues:

> Mississippi paid its full annual pension contribution four times from 2005 to 2010, but the system was 64 percent funded in fiscal year 2010 and faced a $12 billion funding gap. Most experts agree that a fiscally sustainable system should be at least 80 percent funded. The state also had a $728 million bill for retiree health care costs, none of which was funded, well below the 8 percent national average in 2010.

Since Mississippi has made contributions most years, why is it still so far short of funding its PERS liabilities? Keep in mind that contributions to PERS are not put under a mattress. They're invested. So, it might be instructive to review a recent report about PERS investments in risky financial instruments. How many bogus investments has Mississippi made with its PERS contributions? Is PERS, in effect, gambling with retirement contributions by "investing" in extremely risky investments? That may explain part of the problems.

Mississippi needs competent managers to put PERS on a sound financial footing.