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Public Pensions Fire Back at SEC.

Major government associations are chastising the Securities and Exchange Commission's Daniel Gallagher for his public slamming of pension fund management during a speech he gave last month at a Municipal Securities Rulemaking Board summit. You may recall that Gallagher took a hard line on the way that public pension fund liabilities are calculated, chiming in on the side of conservative-minded economists who say that funds hide their true liabilities. In particular, he pointed to the now familiar argument about which discount rate to use in calculating a pension's liability (the higher the discount, or investment rate of return, the lower the assumed liability).

Gallagher accused plans of not being transparent and for playing numbers games. This week, in response, 11 government associations including the National Governor's Association and the National Association of State Retirement Administrators, called him out for highlighting a few bad apples. "We understand the SEC's interest in appropriate disclosure of state and local government pension obligations," the [June 16 letter](#) said. "However, your comments could lead many to believe that the disclosure issues are systemic, rather than individualized problems."

Almost snidely, the letter adds that the commissioner "may not be aware of" governments' actions in this arena and goes on to list the many types of pension reforms that they have implemented in recent years to manage their liabilities, in addition to establishing a pension funding task force that made recommendations to elected officials. The letter concludes by offering to discuss these reforms and upcoming disclosures changes further with the commissioner.

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