



GUEST OPINION

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Alarmist rhetoric sells Iowa pension plan short

By David Osterberg

Iowa's state pension systems for state and local public employees are something to celebrate.

It might not have been so easy to say that six or eight years ago, when the state was choosing not to contribute enough to meet future demands on the system, and when investors across the board were in troubled territory.

We — the state of Iowa and the state and local employees who depend on state pension plans — are beginning to see the fruits of patience and diligence.

It's the story you're not hearing enough. State pension systems around the country have made adjustments, some better than others, and most are well positioned for the future.

IPERS, the Iowa Public Employees Retirement System serving more than 325,000 members, is already well on course back to full funding. A report released last week shows its strength. We have breathing room to assure our financing of state pensions is sound over the long term.

The system is 81 percent funded, contributions have risen and investments of the past few years have bolstered the trust fund. Just as with a home mortgage, if state government and employees together continue to make the actuarially required payments, the debt will be paid off in fewer than 30 years.

Still, in their zeal to cut benefits to public workers, some politicians and policy think tanks claim the present systems needs an operation. They view the problems with pensions in Detroit and Illinois as a window of opportunity to attack the Iowa public pension plans. Instead of recognizing the self-inflicted damage of past inadequate contributions and a deep decline in the stock market in 2008 and 2009, they want to destroy the whole system and move to a 401(k) plan or something similar.

Mary Sanchez, in Wednesday's Gazette, made similar points to mine. She noted alarmist rhetoric about public-sector pensions connected with high-profile exceptions, rhetoric that misses the reality that defined benefit plans such as IPERS are soundly designed if elected officials deliver on their duty as responsible employers. The previous Saturday, Deb Thornton tried to tear the system down.

Iowa's public pensions cover teachers, sheriffs, firefighters, fisheries biologists, custodians and many others who together make up over 10 percent of the population of our state.

Their economic security should not be messed with — and changes in the pension systems should not be made lightly. The small adjustments of the last few years have shown that patient and careful stewardship can assure secure retirements for Iowa's public workers.

They are, after all, our employees. We owe it to them.

David Osterberg is the founding director of the nonpartisan Iowa Policy Project in Iowa City, and co-author of a new report, "Public Pensions in Perspective," with Imran Farooqi and Peter Fisher, available at www.iowapolicyproject.org. Comments: dosterberg@iowapolicyproject.org.