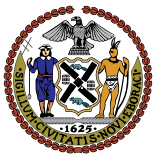
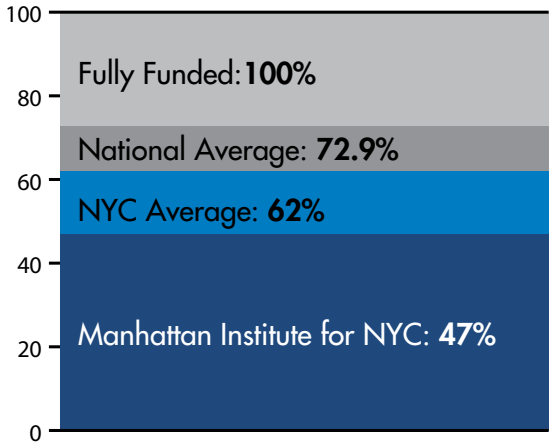
ACCF AMERICAN COUNCIL FOR CAPITAL FORMATION

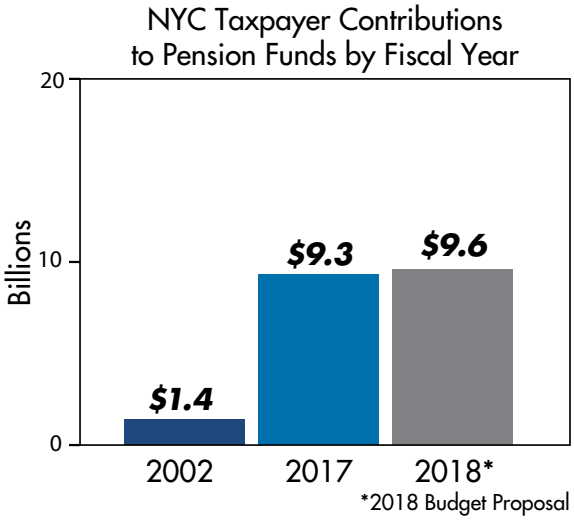
POINT OF NO RETURNS:



New York City Public Pension Funds are suffering from a precipitous decline, reporting unfunded liabilities of nearly $65 billion in fiscal 2016 and a weighted average funded ratio of only 62 percent. A new report takes a closer look at how politically motivated investments have harmed returns but forced taxpayers to pick up the tab, increasing the city's yearly contribution to the pension funds to $9.3 billion in fiscal 2017.

- According to their own numbers, the combined funds weighted average funding ratio stands at just 62 percent.
- A report commissioned by the Manhattan Institute estimates the average funded ratio of the five funds is really 47 percent.
- NYC's Comptroller has increased the funds' investments in initiatives that have historically underperformed, such as the Developed Environmental Activist asset class – a class that has underperformed the overall funds' returns by an average of 600 basis points over the last three calendar years when full data is available.
- Increased funds allocated to alternative investments has led to dramatic increases in management fees for all five NYC pension funds. Between fiscal 2014 and fiscal 2017, the Teachers Fund alone saw an 81.6 percent increase in management fees.
- The NYC Comptroller submitted 92 separate shareholder proposals to 88 different companies in fiscal year 2017, despite few of these proposals being directly tied to improving the financial performance of targeted companies.
- City taxpayers' contributions to the pension funds have climbed from $1.4 billion in fiscal 2002 to $9.3 billion in fiscal 2017. Four of every five taxpayer-dollars collected by New York City personal income tax is spent paying down the city's public pension fund system's liabilities.





"According to a staggering new survey conducted by Spectrem Group, 6 out of 10 CalPERS retirees and 8 out of 10 NYC retirees are apparently under the illusion that their pensions are fully funded…[and] at least 80-89% of respondents said their pension boards should focus on making money and not advancing social or political causes." – Zero Hedge


Firefighters


Police


Teachers