

The push to amend the PPA

NYSNA is leading the way in lobbying for changes to the PPA. We have already written letters to the President and members of Congress. NYSNA leaders went to Washington, D.C. in May and met with 13 legislators. We now need to lobby Congress members at the local level.

Ways to prevent a "pension crisis" could include:

- Allowing a 13-year rehabilitation plan (instead of 10 years) for plans that chose to extend their green zone status.
- Granting another one-year extension through the WRERA.
- Changing the requirement that the default schedule must reduce employee benefits without increasing employer contributions.

PROTECT YOUR PENSION!

YES, I want to join the NYSNA Pension Committee and help with the campaign to preserve our pension.

I am willing to:

- Meet with my U.S. Senator or U.S. Representative
- Participate in a letter-writing campaign
- Collect signatures
- Talk to the press about this issue

Name _____

Address _____

City _____ State _____ ZIP _____

Phone _____

e-mail _____

Facility _____

I agree to fully support, represent protect and defend the best interests of NYSNA and its membership.

**Please return this form by mail or fax to:
Ms. Mary Rodriguez, NYSNA New York City Office
120 Wall Street, 23rd Floor, New York, NY 10005
Fax: 212-785-0429**

New York State
NURSES
ASSOCIATION

It's time to take action

You have worked hard for your pension. NYSNA has worked hard to protect your pension. Now we must work together to secure your retirement benefits and make sure that all NYSNA members receive the pensions they deserve.

Here's what you can do:

- Write a letter to your U.S. Representative and U.S. Senators expressing your concern about your retirement benefits. Sample letters are available at nysna.org or from your NYSNA representative.
- Send a message to President Barack Obama (sample at nysna.org).
- Visit nysna.org for updates on future activities.
- Attend LBU meetings as called.
- Send in the attached form to join the NYSNA Pension Committee, which will engage in local lobbying.

New York State
NURSES
ASSOCIATION

NYSNA Headquarters

11 Cornell Road, Latham, NY 12110
800-724-NYRN(6976)

New York City EGW Office

120 Wall Street, 23rd Floor, New York, NY 10005
888-551-3112

nysna.org

Why we need to change the Pension Protection Act of 2006



The NYSNA Pension Plan goes green after a vigorous campaign by NYSNA nurses.

On March 25, 2009, the trustees of the New York State Nurses Association Pension Plan agreed to take a one-time opportunity to keep the plan in the “green zone” for a year.

NYSNA and its members supported this move because it allowed more time to consider possible alternatives that would keep the plan viable and conform to the Pension Protection Act (PPA) of 2006.

Staying green means:

- There will be no changes in contribution rates or benefits for 12 months
- The fund can take advantage of any market turnaround in 2009
- Employers will avoid a 5% surcharge this year and 10% next year
- There is time to lobby for PPA reform

The problems presented by the PPA have not gone away

The trustees’ decision only postpones implementation of the PPA. NYSNA nurses must now mobilize behind an effort to amend the PPA, which was intended to impose penalties on pension funds that were historically and chronically underfunded. It was not designed to penalize funds that were affected by a sudden, unprecedented downturn in the market value of its investments. Over the past decade, the NYSNA Pension Fund has been a well-funded and stable plan.

Your pension dollars are invested for the long term

Many members have asked us how their pension money is invested and monitored. Here are answers to some of the most commonly asked questions.

How do the Pension Plan trustees decide how to invest?

The investment strategy for the NYSNA Pension Plan is focused on long-term success by applying a consistent discipline to the investment process. It is not meant to speculate or take advantage of short-term market movements.

There are many levels to the Plan’s investment strategy, but the primary objective is to optimize return and minimize risk. Basically, assets are diversified among many areas, such as stocks, bonds, and real estate to protect against losses. In 2008, there were huge losses in every sector, and in every pension plan.

Investment policy is decided by studying the Plan’s future liabilities (benefits to be paid) and projected returns (contributions by employers). Once strategies are defined, they are implemented by a well-qualified money management firm hired by the Board of Trustees.

What safeguards are in place to protect our pension fund?

The Board of Trustees uses a rigorous review process when selecting a money manager. The Plan’s professional investment staff and outside financial consultants continuously monitor money managers’ decisions to ensure that the Plan will achieve its targeted return within an acceptable level of risk. The Plan’s staff monitor daily trading activity, conduct a monthly analysis of portfolios, and each quarter present an extensive review to the Investment Committee of the Board of Trustees. Board members meet with each money manager on an annual basis.

How did the NYSNA Plan perform in 2008, compared to other plans?

During the downturn year of 2008, the NYSNA Pension Plan performed as well as the average defined benefit plan in the U.S. From 1998 through 2008, the Plan outperformed more than 90% of all other defined benefit plans in the country. Over the past five years, including 2008, the plan outperformed more than 80% of other plans.

What is an underfunded pension plan?

A plan is underfunded when it does not have the funds needed to meet its obligations to beneficiaries. The NYSNA Pension Plan was more than 100% funded in January 2008; this dropped to less than 70% by January 2009. However, investment returns for 2009 have been positive thus far.

The PPA affects every defined pension benefit plan

While the NYSNA plan and many other plans have been fully funded for years, this is not true of other plans. In 2005, United Airlines defaulted on its pension plan, leaving many retirees without their pension benefits. The federally funded Pension Benefit Guaranty Corporation (PBGC) was forced to take over the payments.

To prevent this burden on taxpayers, the Pension Protection Act of 2006 was enacted to ensure that employers properly fund their pension plans. According to the law, pensions can be either in the “green zone” (healthy), “yellow zone” (endangered), or “red zone” (critical).

The PPA defines how plans must be rehabilitated

The PPA requires that trustees of pension plans that are in the yellow or red zones must take certain steps to rehabilitate the plans. Among those requirements: the trustees **must** develop at least one schedule (the “default schedule”). They also **may** develop alternative schedules.

According to the PPA, the default schedule **must** reduce adjustable benefits to the maximum extent allowed by law **before** employers are required to increase contributions. Adjustable benefits, as defined by the PPA, include provisions such as early retirement, disability benefits not already claimed, and post-retirement death benefits. For the NYSNA Pension Plan, the 60/20 option we fought so hard to achieve is considered an adjustable benefit.

After the NYSNA Pension Plan “green” year ends on Dec. 31, 2009, it is likely that the fund will be in the red zone.

