

## Connecticut funds weathered fiscal storms

**BY DENISE L. NAPPIER**

The Republican-American's Aug. 23 editorial, "Deceptive percentages," had plenty of deception of its own. As the old saying goes, while the editorial board may be entitled to its own opinion, it is not entitled to its own facts.

The editorial criticized the reporting of a three-year return of 10.54 percent for Connecticut's pension funds, and suggested the omission of 2009 performance numbers was part of plan to deceive. The fact is that performance figures, for as long as records have been kept, have always been reported in yearly increments of one, three, five, seven and 10 years. But if the board really wants to zoom in on 2009, then let's go there.

While the markets were in shambles after the most devastating downturn in a generation, Connecticut's pension-fund portfolio outperformed the benchmark and its peers. Data compiled by independent consultant Wilshire show the funds outperformed 65 percent of other public pension plans with more than \$1 billion in assets in 2009, and outperformed 72 percent of other public pension plans for the five preceding years. So while we were down 17.37 percent in 2009 (by comparison, the S&P 500 lost 26.5 percent that year), we weren't as bad off as the board would have readers believe.

The "Joe Six-Pack" example gets the numbers wrong.

Rather than the 16 percent return cited in the editorial, the S&P 500 achieved a cumulative return of 37.8 percent and an annualized return of 2.96 percent from July 1, 2001 through June 30, 2012. For that same period, Connecticut's pension plans earned a cumulative return of 68.3 percent and an annualized return of 4.85 percent.

Lastly, the editorial seems to miss the point of why the state has a pension plan: to pay pension benefits. In 2001, the pension plan had \$20.6 billion in assets. Since then, we have paid out \$14.2 billion in pension benefits, received \$6.6 billion in contributions (inclusive of the \$2 billion in proceeds from the pension obligation bond issuance), earned \$11 billion and increased total assets to \$24 billion — no small feat in a time of volatile markets.

The Connecticut pension plan is invested with the long term in mind. The investment strategy we employ is the product of a thoughtful and methodical asset-allocation strategy developed in consultation with the state's independent Investment Advisory Council. It has been difficult to achieve market returns in the current environment, but misleading readers does not advance the very important public debate about what needs to be done to turn this economy around.

*Denise L. Nappier is Connecticut state treasurer.*