

**HELLER-HURWICZ**  
economics institute

UNIVERSITY OF MINNESOTA

## Practical Issues in Public Pension Design

### Closing Comments

#### Presenters:

Don Boyd, University at Albany  
SUNY

Stefan Lundbergh,  
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Fourth Swedish National Pension Fund

Tim Mitchell  
TM Consulting &  
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Moderated by  
Kurt Winkelmann  
University of Minnesota

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*The transcriptions of the Practical Issues in Public Pension Design Conference sessions represent the views of the presenters and not necessarily those of the Heller-Hurwicz Economics Institute or associated organizations.*

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**Winklemann:** So, I'm going to see if I can enlist my panel members for four or five minutes to give three sentences ... in the context of Minnesota, having heard everything you have today...what advice would you give to people who want to influence pension policy in Minnesota?

**Boyd:** Okay, well I would say that I was very interested in Jordan's presentation. And the reason I guess I'm interested is because I think it's important to look for kind of win-win options where there might be something of value to the worker that also would provide something of value to the taxpayer funding the government. And while it's clear that you don't have that for your proposals as a whole, your options as a whole, it seems like when you narrow in on the young workers or new workers, maybe you do. Again, with the caveat that A, on the one side the federal tax leakage, but on the other side, and I may be missing lots of things, I think of B rising with age, right, because of the structure in benefits so that there might, in fact, that might doubly benefit the young. So I'll just leave it at that.

**Lundbergh:** Three things that are really important: Never waste a good crisis. Number two, never waste a good crisis. Number three, never waste a good crisis if you want a good pension policy. An idea for you and the Heller-Hurwicz Economics Institute is, why not think in terms of if you would produce a fair evaluation survey of UK defined benefit pension schemes, you can actually define what the problem are and create a framework against which you can evaluate stuff. And you can then get a lot of free publicity at the university as well.

**Mitchell:** I like the story of whoever it was, the State Treasurer, who said this is a math problem. Because that's very analogous to New Zealand finance minister 20 years ago who said this is a math problem. And in both cases it required someone to take leadership to actually do something about it, so it that number one. The other takeaway I get is, you know, we all know how complex the U.S. public policy pension problem is and can seem very intractable, but it can be broken down into bite-size pieces. And an institutional government is going to say, "I'll take my hammer to that nail." And so one of the really easy ones for a lot of site pension plans would be to reform the institutional government's arrangements around pension plan management. So, that's not dealing with funding and discount rate and all that sort of stuff, but it's just stop creating a welfare scheme for Wall Street, which is what a lot of them are doing. Because they pay outrageous fees to do it when they could do it a whole lot cheaper and smarter than doing what they're doing.

**Winklemann:** And I guess my take is when I started this, I knew it was a hard problem. And now into it a little bit more, it's a really hard problem. And I think the hard part comes from actually not the portfolio arithmetic, it comes from the political issues. And I think for states to make progress, they have to find a good crisis. And I think Chari's point earlier about having a contingency plan is a good one. And I think the other point is...and Mark had talked about this, trying to figure out, well, who's the right group of leaders, political leaders and business leaders and, for that matter, union leaders to start talking through better solutions.

So that's my takeaway. So, I really want to thank everybody for coming. There's an evaluation form of suggestions. And I want to thank our speakers for also making the trek to Minnesota in January. Once again, thanks to everyone.