# Retirement News Highlights

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## Maryland Fund is Latest Pension to Consider Pulling Back on China

By Heather Gillers
***The Wall Street Journal***
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Maryland's $60 billion pension fund could become the next major retirement system to trim its China holdings in response to geopolitical concerns and uncertainty about future returns.

Directors of the Maryland State Retirement and Pension System decided Tuesday that they will look at ways to reduce their allocation to China stocks or otherwise hedge against a downturn in Chinese markets at their next investment committee meeting in February. The Maryland pension fund's total exposure to China across all asset classes is about 7%.

Board members will view an updated set of return and risk projections and an analysis of the upsides and downsides of various options for mitigating risk in China at the Feb. 15 meeting, pension officials said.

One option floated by pension officials at Tuesday's meeting would be to halve China's share of the fund's emerging markets benchmark. That would effectively cut the pension fund's China stock allocation to 1.5% from 3%. The Teacher Retirement System of Texas made a similar decision in September.

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## City Council pensions: The ill-timed, ill-considered expansion should be set aside | COMMENTARY

By Baltimore Sun Editorial Board
***The Baltimore Sun***
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Given that Baltimore voters just overwhelmingly endorsed Question K, establishing a two-term limit for city elected offices, it is difficult to interpret public sentiment as running high for expanding Baltimore City Council pension benefits right now, if such sentiment ever existed. Indeed, it's far easier to make the case that Question K passed by a 2-to-1 margin in part because of Council President Nick Mosby's rushed legislation that would shave four years off the service time required for a council member to qualify for a pension, dropping it to 8 years from 12. The claim that the legislation must move quickly as a kind of companion bill to Question K doesn't hold water, given that the sitting members will all be eligible for a pension under the current system — as member Zeke Cohen, who voted against the bill, has pointed out.

The whole business deserves to go back to square one. Yet it could receive final approval from the council as soon as Monday, Nov. 21, leaving its fate in the hands of Mayor Brandon Scott. We urge all parties to shelve this effort until the potential cost and benefits are clear.

The problem isn't Question K, nor the possibility that future council members stand to benefit. It's really much simpler: The business of determining how elected officials should be compensated is a serious matter that deserves serious — and full — review. For comparison, we would point to the Maryland General Assembly, where, under a state constitutional amendment, an advisory panel known as the General Assembly Compensation Commission this year delivered an exhaustive 125-page analysis, exploring everything from how well lawmakers are paid in other states to the exact cost to the state budget and on and on, before recommending an increase in pay for delegates and senators next year.

The Baltimore City Council has been provided no such study or outside consultation. Even the city's finance department was left scratching their heads at the implication of all this — informing members two weeks ago at the last public meeting on the matter that they did not know the full impact of such early vesting.

That's not to completely dismiss the need to pay City Council members fairly. Today, members are paid $73,966 annually and will get future increases (including pension benefits for those who qualify). Even though their jobs are classified as part-time, rare is the member who does not treat it as a full-time occupation. Pay them too little, and the pool of prospective candidates is greatly diminished because people won't be able to support their families through such public service.

Still, long-term pension payouts are a rightfully a focus for scrutiny. A dozen years ago, the uproar in Baltimore was over how then Mayor Sheila Dixon would earn pension benefits after resigning from office as part of a plea deal — a product of her many years of service on the council. Such benefits were capped under a 2016 reform. Around the same time as the Dixon brouhaha, the Baltimore County Council capped its retirement benefits after the public learned that five-term Councilmember Vince Gardenia qualified for a pension equal to his salary for life beginning at age 54. Readers might simply search the term "public pension" on the internet to find similar controversies elsewhere.

Generous pensions, which are less obvious to voters than direct pay, have long been a common temptation for those in public office. One lasting solution might be to sunset pensions for elected officials entirely and switch future officeholders to that American retirement savings mainstay, the 401(k) — or, in the case of local government, the 457(b) plan. Councilmembers could set aside a portion of their pay in such tax-deferred accounts and there would even be a government match. Would it be as generous as a pension? Probably not, but it would certainly keep away the negative publicity and return public officials to higher ethical ground as well as put them more in line with the private sector where workers are too-often fortunate to receive even that.

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