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Joplin Police & Firefighters' Pension Returns Impressive

Joplin, MO — March 11, 2008 — The Joplin Police & Firemen's Pension Board's investments showed impressive gains for the year, according to a new report from their investment consulting firm. For the year 2007, the plan returned 8.9 percent with a slowdown in the last month due to overall economic conditions. The plan outperformed the S&P 500 index and showed significant gains in international stocks, according to the most recent report.

Last November, trustees received similar good news from another report that showed the investments placed in the top 6 percent for one year, and in the top 10 percent of investments over the past three years, according to Joplin Police & Fire Pension Fund Trustee Tom Robertson.

Robertson attributes the higher returns on the pension fund investments to investment education. "We attended numerous educational seminars and learned a lot about diversifying our investments to increase returns for our members' investments. We even hired a new fund manager. It looks like the new strategy is working."

For example, for all of 2007, the Joplin Fire & Police Pension Plan returned 8.9 percent driven by a 13 percent gain for international stocks, a 9.9 percent return on fixed income, and a 6.8 percent return on domestic stocks.

Robertson said he believes that the positive performance shows that the trustees have been good stewards of the fund. "We were able to increase returns and maximize every dollar contributed into the fund either by our members or the city. It's our fiduciary responsibility as trustees to watch over the fund and ensure that members see a good return with minimal risk to their future," Robertson said. He noted that, as of December, the fund had a market value of \$24 million.

Despite the positive news about returns on investments, Bob Davidson, a firefighter and pension trustee, said he is concerned about the amount of contributions to the pension fund that should be received from the City.

"The bottom line is that the responsible thing to do would be for the city to meet its obligations to the pension fund of employees who are in potential danger every day."

He noted that in total dollars invested, the fund could have had better returns if the city had properly funded the pension at the level required by law. "Right now we're waiting for the city's recommendations on how they plan to comply with the law," Davidson said. "It is time for the discussions to stop and for the city to agree to proper, actuarial funding."

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Joplin is now and since 2000 has been, less than 60 percent funded, according to actuarial reports. Prior to 2000, the plan was funded between 65 and 73 percent.

The amount of the city's contribution, which is determined by an independent actuarial, is based upon the anticipated needs of the fund to pay for retirement and other benefits for its members and widows and children of workers killed on the job.

Charla Geller, a police representative on Joplin Police & Fire Pension the Fund, is less concerned about how the city funds the plan than whether the plan is funded at the actuarially recommended amount. "If the City of Joplin commits to fund the plan in compliance with the law, at the actuarially recommended levels in the next couple of years and in guarantees it will follow the law in the future, I believe we as trustees are fulfilling our fiduciary responsibility to the plan and its participants," she said.

"I'm not as concerned about how the city of Joplin plans to fund this plan as I am that the funding is there in the future for our police and firefighters and their dependents," Geller said.

Underfunding public pension contributions in general has been the subject of a debate statewide. The State of Missouri recently passed a law directed at public pension plans like Joplin's that are less than 60 percent funded and are considered "troubled." Locally, the Fire & Police Pension Fund has been discussed at recent Joplin trustee meetings. Pension trustees hired attorney Dan Tobben, with the Clayton, Mo. law firm Danna McKitrick, to report on steps trustees should consider to address the city's declining pension contributions.

In September 2007, Joplin's mayor, Jon Tupper formed a committee to look into possible solutions to the underfunding of public pension funds by the city and make recommendations. That committee's final report is being reviewed by city officials, trustees and by the police and firefighters.

"We are not asking for more of anything. We are in a precarious position with regard to pensions and I want to know how the city plans to pay what it owes the fund," said Robertson.

Police and firefighters have a greater stake in their pension plans than other workers because they do not receive Social Security benefits when they retire, unless they've become vested through another job, according to Robertson.

About Danna McKitrick: Located in Clayton, Missouri, Danna McKitrick, P.C. delivers outstanding legal representation to businesses (emerging to national), insurers, government-related entities, and individuals throughout the Midwest. The firm is on the Web at www.dannamckitrick.com.

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