



A Union of Professionals

Preserving Retirement Security and Holding Wall Street Accountable

Dan Pedrotty

**Co-Director, AFT Center for Workers' Benefits and
Capital Strategies**

Education Minnesota

Legislative/Political Action Conference
Thursday, January 30, 2014

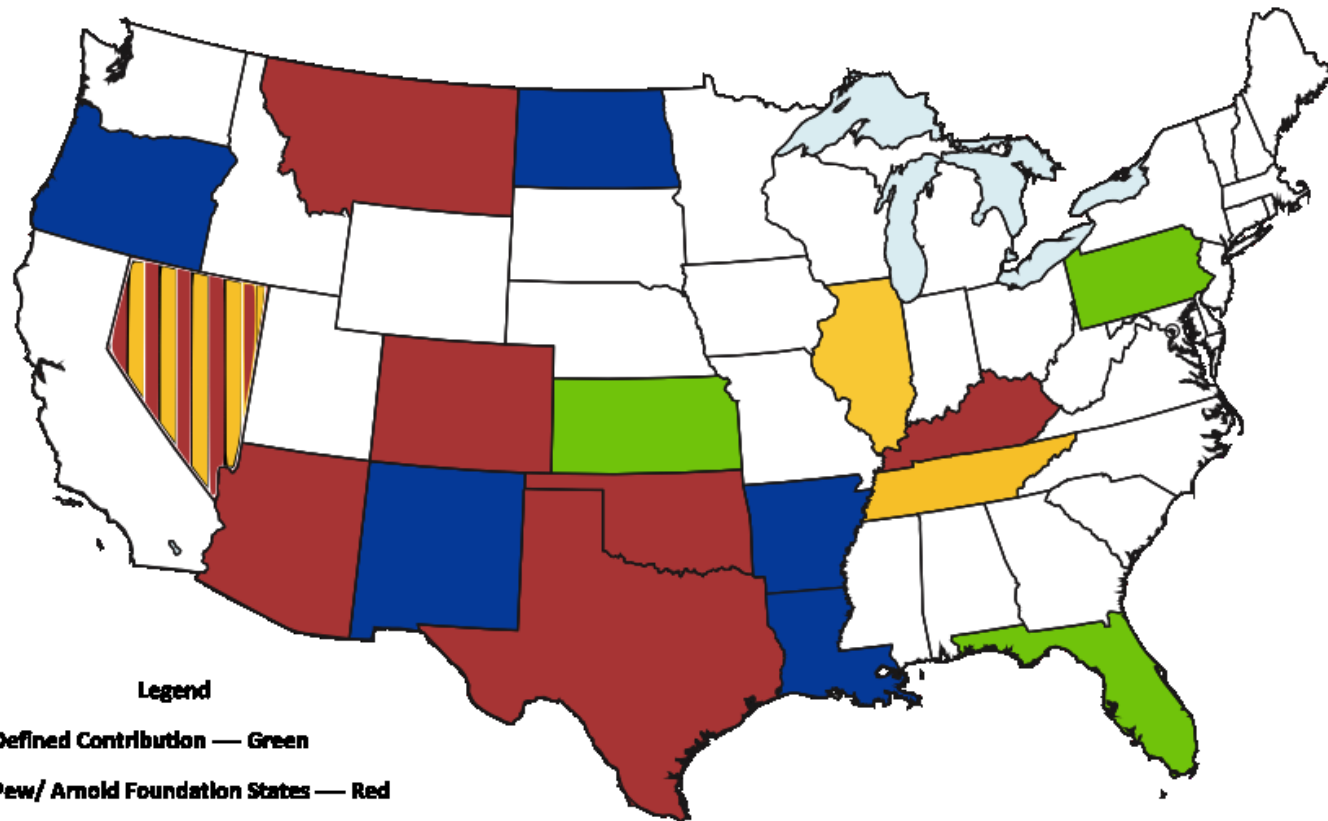


Workers' Capital – Our member's deferred wages

- Today, over **\$3.4 trillion dollars** is held in public defined benefit funds.
- Over a **trillion dollars** of those deferred wages are pension plans with **educator trustees** and **beneficiaries**.
- These funds represent a **social promise** that when their working days are done, these Americans will be able to live in **financial dignity**.

Retirement Security Landscape

Pension Threats in 2013



Legend

Defined Contribution — Green

Pew/ Arnold Foundation States — Red

Cuts to Employee Benefits — Blue

Hybrid Plans/Cash Balance — Yellow

Social Security Developments

- Strengthening Social Security Act of 2013
 - Strengthen Benefits
 - Ensure Colas Reflect Retiree Living Expenses
 - Improve Trust Fund's Long-Term Financial Condition

S 567

Senator Tom Harkin (D-IA)



Trustee Leadership Development & Education

Why Trustees?

- In theory, trustees have the power and authority to shape markets. In practice, they are disempowered.
- In theory, pension funds have the weight and expertise to shape the market. In practice, they defer to the market.

Trustee Education – Harvard Trustee Leadership Forum

- Labor movement sponsored trustee-centric meeting.
- Workshops: Investment beliefs and the real economy.
- Topics of Interest (target rates of return, long-termism, private equity).
- Toolkits, Issue Briefs, Topical Exchanges.



Action Item – AFT Report Ranking Wall Street Money Managers

- 28 investment firms that manage our member's money, while also contributing to:





**Please share a copy of
the AFT Report,
“Ranking Asset
Managers,” with your
members, trustees,
and consultants.**

<http://go.aft.org/assetmgrs>



A Union of Professionals

Ranking Asset Managers

A Retirement Security Report on Money Managers for Trustees

American Federation of Teachers

April 19, 2013



Successful Asset Manager Engagement



Accountability for Funders of Right-Wing Groups

**Weingarten Named Most
Influential In Fight for
Pensions**



**Loeb Opposes Teachers on
Pensions as Asness Quits**

Bloomberg

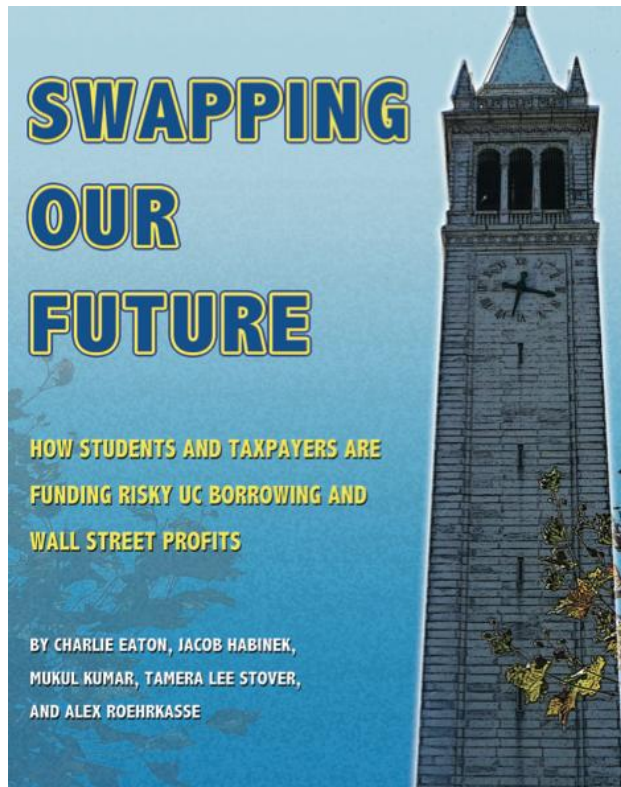
**Dan Loeb Simultaneously
Solicits, Betrays Pension Funds**



**Some Money Managers
Backpedal after AFT Report**



Confronting Wall Street Predatory Finance



Taking the Fight to the Banks



Governor Corbett's School Reform Commission is **Mismanaging Our Schools**

It's bad enough that the School Reform Commission is working hand in hand with Governor Corbett to starve our schools and deny children the public education they deserve.

Now it's increasingly clear that this unelected, unaccountable commission charged with managing our schools is mismanaging taxpayer money—money that should be going to our schools.

“... a report by the Pennsylvania Budget and Policy Center (PBPC) that said that, in addition to the cuts, the **District lost tens of millions of dollars** by borrowing money through toxic interest rate swaps pushed by big banks.”

—The Notebook, Feb 17, 2012

“Charter operator **owed its schools millions**, but no one's checking its books.”

—Philadelphia City Paper, Aug. 29, 2013

“**Philadelphia schools lost \$161 million** from interest-rate swaps...”

—Philadelphia City Paper, Aug. 5, 2013

Banks Soak Chicago As Schools Close

Last month, the Chicago Board of Education announced it would close 54 schools, affecting 30,000 children, mostly in low-income, African-American neighborhoods on the city's South and West sides.

Mayor Rahm Emanuel and Chicago Public Schools board members want us to believe that they must close schools to save money, but that is simply not true. They are choosing to close schools while sending millions of dollars to Wall Street.

Every year, CPS pays approximately \$36 million in toxically high interest rates, linked to so-called swap contracts, to banks like Bank of America and Goldman Sachs. These arrangements, in which CPS pays a fixed interest rate to the banks

CHICAGO SUN-TIMES



Contact Information

Dan Pedrotty

American Federation of Teachers, AFL-CIO
Co-Director, Center on Workers' Benefits and
Capital Strategies

Research and Strategic Initiatives Department

W: 202-662-8007

F: 202-879-4406

dpedrotty@aft.org