

**PSI ad hoc meeting on pensions  
18 October 2013  
Washington, DC**

**Background**

PSI took advantage of the meeting of the ITUC Committee on Workers' Capital (CWC) in Washington, DC 16-17 October to convene a few union representatives responsible for pension fund policy in their own countries. This group included AFSCME, AFT, SEIU, CUPE, NUPGE, UNISON (Abvakabo was unable to attend the CWC at the last minute).

The results of the PSI one-day meeting will feed into the work of the PSI Pensions Working Group, yet to be constituted.

**Summary recommendations:**

There is a need for a public sector perspective to inform the work of the various pension funds and the CWC : Most of the largest pension funds in the world are for public sector workers, yet most invest in PPPs and other ways unfavourable to environmental and social priorities, including to public service workers and their unions.

**PSI should:**

1. Provide material for pension staff and trustees outlining and summarising :
  - the dangers of investing in PPPs and privatisation
  - the threat to defined benefit pension plans
  - the failures of defined contribution pension plans
  - the features of hybrid pension models (cash balance, etc.)
  - investment products and the investment chain, economic processes such as the creation of money and the role of debt
2. Outline the elements of Universal Owner approach to pension fund investing, including a focus on social, fiscal, monetary policy and regulation.
3. Develop a critique of the G20-OECD infrastructure and long-term investment guidelines which suggest that pension funds should allocate much larger share of their investments to this asset class.
4. Develop a PSI strategy for input into and linking with the CWC and UN PRI activities (PSI could contribute to principles for investment, suggestions for new policies and activities, including support for PUPs, focus on cities, etc.).
5. UNISON has built a content management system/web platform where PSI and affiliates can develop their own section and post a range of content, create and co-ordinate campaigns, share knowledge and information. This is all password protected.
6. The CWC may coordinate a data collection and treatment project, which may prove helpful to PSI if we can influence content and strategy.

**Trade unions could support a number of initiatives:**

- PSI is a core member of the global Tax Justice campaign. Pension funds could require that all asset managers demonstrate that they support tax justice and that they do not engage in or support tax dodging, avoidance or evasion – whether with pension fund money or with

other clients. Our pension funds could also examine other tools for supporting the goals of the Tax Justice campaign.

- SEIU is considering having pension funds ask investment managers to fund campaigns which demonstrate the values of defined benefit pension funds, and which seek to counter the massive lobby aimed at destroying them.
- UNISON is calling for an enquiry into the fee structures charged to its members' municipal pension funds. This could be adopted by all affiliates.
- The American Federation of Teachers is challenging fund managers, who extract large fees from their member's pension funds, to withdraw from supporting organisations lobbying for education privatisation.
- There is a view that the UN PRI has been largely captured by the asset managers and their allies. However, we could use PRI in selected campaigns, for example to shed light on private equity funds involved in land grabbing – which relates to the PSI campaigns on the right to water.

### **Campaigning**

The meeting identified a potential “first steps” campaign that can unify PSI affiliate trustees across the globe. This involves challenging the finance and banking organisations to make transparent the large fees they extract from our pension funds and public authorities. Our pension funds handsomely reward external investment managers from the world's biggest financial institutions, and the high fees we pay them further contribute to inequality, while ultimately reducing the benefits which our members receive. Reducing fees has the beneficial impact of improving pension fund performance. The CWC may also work on this campaign.

### **Next steps**

- Produce a report on public sector infrastructure investing, its threat to public sector jobs and alternatives to public-private partnerships
- Produce a report on the hidden costs in the pension fund investment chain and an outline campaign for a reduction in fees and an improvement in performance, possibly in conjunction with CWC.
- Depending on the level of progress made, we should consider meeting again in conjunction with the Harvard University Trustee Leadership Forum in late May, early June 2014.