CITY OF MERIDEN

Pension Fund Update August 2010

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Meriden Retirement Board

Tuesday – August 10, 2010

Meriden may be known as the Silver City, but its municipal pension has just earned a gold medal.

A report on the performance of large public pension plans for the fiscal year ending June 30th identifies the investment results over the past five years among a national sample of municipalities tracked by Bank of New York Mellon.~ According to the BNY Mellon peer group comparison, the median public plan returned 2.85% a year since July 1, 2005 – with performance ranging from an annualized loss of 0.65% to a maximum annualized gain of 6.14%.~

The City of Meriden's composite investment returns during that same five-year period exceeded the performance of the top ranked plan in the BNY Mellon survey.~ The Meriden City Employees fund gained 6.31% annually, and the Police/Fire pension achieved an annualized 5.99% return.~

During the latest one-year period, FY 2010, the Meriden City Employees account gained 14.99% and the combined Police/Fire fund, 15.98%, compared to BNY Mellon's median plan of 13.50%.~

Climate Change?

The stock market and the US economy may be codependent, but often aren't correlated.~ Perhaps anticipating an upside breakout, the stock market rallied through July before trailing off in the disappointment of August reports of continued economic uncertainty, job losses, and a failure to resolve federal tax policy for 2011.~ The Labor Department last week reported another downturn in the job market.~ Coincidentally, two prominent policymakers joined the ranks of the unemployed.~ Christina Romer, chairwoman of the President's Council of Economic Advisors, followed White House Budget Director Peter Orszag in resigning their positions.

A patchwork of federal programs aimed at stimulating consumer spending – including tax credits for new homebuyers, energy-savings incentives, and extended unemployment benefits – has yet to produce the economic rebound forecast by the White House.~ Mortgage debt intervention is reportedly being considered as a policy shock to promote consumption.~~~~~

Meriden Retirement Funds

The Meriden investment funds have gained $5.1 million since the beginning of the new fiscal year, and returned $1.5 million to the City for benefit payments.~ As of last Friday (8/6/2010), the City Employees funds totaled $122.7 million and the combined Police/Fire accounts, $97.2 million.~

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