

## Steep losses pose crisis for pensions

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### Two bad choices for funds: Cut benefits or take greater risks to rebuild

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The financial crisis has blown a hole in the rosy forecasts of pension funds that cover teachers, police officers and other government employees, casting into doubt as never before whether these public systems will be able to keep their promises to future generations of retirees.

The upheaval on Wall Street has deluged public pension systems with losses that government officials and consultants increasingly say are insurmountable unless pension managers fundamentally rethink how they pay out benefits or make money or both.

Within 15 years, public systems on average will have less than half the money they need to pay pension benefits, according to an analysis by Pricewaterhouse Coopers. Other analysts say funding levels could hit that low within a decade.

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