PENSION EDUCATION AND REPORTING COMMITTEE REPORT

November 7, 2023



ILLUSTRATION BY STEPHEN SAVAGE

By Avi Fisher

It surprises some people when they find out that the Park Slope Food Coop (PSFC) offers its employees both a defined benefit pension and a defined contribution 401(k). The differences are important to note: “Traditional” pensions are considered “Defined Benefit Plans” (DBPs) because the future payment is known ahead of time given an employees’ years of service and salary. However, these plans create liabilities for employers who must manage the pension in a way that ensures those future payments. Most companies today have moved to 401(k) plans, where the contribution is known today and the liability for the future is managed by the employee themselves.

PSFC employees begin to participate in the pension after working 1,000 hours and a minimum of 12 months. After three years of employment, PSFC employees begin to earn a right, or “vest,” a portion of their potential future retirement payments. The vesting process for the pension occurs over the course of seven years of service, with employees earning a right to 20% of their future retirement payments after three

years, 40% after four years and so on and so forth, until that coveted milestone of being “fully vested” for 100% of their future benefits is reached in year seven.

The Park Slope Food Coop’s Pension Education and Reporting Committee, or PERC, was formed as part of efforts that began several years ago to adopt a more traditional investment policy for the PSFC pension, following years where it had been actively investing in a handful of stocks instead of following the more conventional method of passive and balanced index investing.

PERC is something of a watchdog, monitoring to make sure the PSFC pension operates within its mandate; communicating non-financial/non-investment recommendations and best practices to the pension trustees and its investment manager; and reporting to Coop members and employees about pension-related matters.

PERC does not make investment recommendations and it does not run the pension. That responsibility falls on the pension trustees, the pension administrator and the investment manager. Together, this group is charged with the fiduciary duty of managing the inflows and outflows of the pension’s cash and investing the pension’s assets so it can meet future liabilities. Current pension trustees are Joe Holtz and Terry Meyers, both long-term employees of the PSFC. Lisa Moore, another longtime PSFC employee, is the Pension Administrator responsible for maintaining the pension’s records, ensuring compliance and various other administrative tasks. Dan Wiener, an investment professional, was appointed by the Trustees to serve as the Pension’s Investment Manager as part of his PSFC workslot.

The PERC, a relatively recent installation into the world of the pension, consists of five elected Coop members with financial or accounting background—Nils Mellquist, Avi Fisher, Allison Thrush, Kathy Martino and Jesse Shapiro—and two elected PSFC staff members, Jacquelyn Scaduto and Miriam Eusebio.

So how is the pension doing? In the future we will provide regular reports at least annually through the *Linewaiters’ Gazette*, updating members and employees of perfor-

mance and recommendations.

Avi teaches wood working and runs a small investment management company, Long Cast Advisers. He lives in Windsor Terrace and has been a PSFC member since 2014.