

# ***Managing Public Pension Plans: Decisions, Challenges, and Reforms***

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Retirement planning is a crucial aspect of most people's lives in the United States. People use private savings, investment accounts, Social Security, or employer-based retirement accounts to prepare for life after employment. Employer-sponsored retirement savings options vary depending on whether the employer is a private organization or a government entity in the public sector. Public pensions are the norm for government employees. These types of savings are influenced by public policy and have garnered the attention of public finance professionals and researchers over time. The literature on public pensions, spanning several decades, encompasses studies ranging from the economics of public pension underfunding (Cooper & Ross, 2001; Ippolito, 1986) to investment strategies (Ali & Frank, 2019; Merton, 2007).

*Managing Public Pension Plans: Decisions, Challenges, and Reform* constitutes an updated investigation into the management of public pensions. Gang Chen, Trang Hoang, and Carol Ebdon (2025) acknowledge the existing literature and research themes discussed above, then build a theoretical approach that serves as a guiding light for the readers throughout the book. They identify the goals of public pensions and discuss the challenges that policymakers face when deciding the suitability of pension plan strategies. They conclude the book with an acknowledgement of the impact of public policy and the complexity of different investment approaches on public pension plans.

Gang Chen, Trang Hoang, and Carol Ebdon's (2025) book is divided into different sections, beginning with a discussion on the introductory concepts of public pension management. Following the introduction, the authors establish a roadmap for the rest of the book and address the various retirement plans available to government employees. They identify defined benefit (DB) and defined contribution (DC) plans as the primary forms of employer-based retirement plans for public employees. They note that governments often use pensions as recruitment and retention tools, with some employers providing a mixture of DBs and DCs to

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their employees. They introduce the readers to foundational notions of public pensions, such as the replacement rate, actuarially determined contributions, and funded ratios. They also identify unfunded pension liabilities and decreased funding ratios as the main issues plaguing pension management. They introduce the logic model framework, which they further explored as they outline the rest of the book. In this introductory section, Chen, Hoang, and Ebdon (2025) discuss financial indicators of public pension health, such as funded ratios and replacement rates. Additionally, they examine the extensive academic literature and theories relevant to public pensions to establish the basis of the logic model framework. As indicated in the book's title, the framework guides the reader through the public pension management's decision-making process, the challenges faced by pension administrators and stakeholders, and the reforms proposed by the authors. Chen, Hoang, and Ebdon (2025) conclude the second chapter by proposing the framework as a theoretical foundation for future empirical research on public pensions.

Following the introductory portion of the book, Chen, Hoang, and Ebdon (2025) provide a detailed assessment of public pension management. They identify the various stakeholders of public pensions and provide a comprehensive analysis of the five goals of pension management: sufficiency, affordability of pension costs, sustainability of pension funding, efficiency of asset management, and good governance of pension plans. The authors include a short case study that illustrates the pursuit of the five goals in practice. They also focus on the logic model framework's inputs, specifically decisions that impact pension management through three main areas: the environment in which the pension needs to be managed, the types of stakeholders involved in pension management, and the types of constraints affecting the pension plan. Chen, Hoang, and Ebdon (2025) also identify seven internal and external environmental issues that impact pension plans, as well as six types of stakeholders, ranging from administrators to pension plan members. They also discuss specific challenges to effective public pension management, including differing actuarial practices and diverse legal protections.

As was the case with existing research on pension plans' investment approaches (Ali & Frank, 2019; Merton, 2007), Chen, Hoang, and Ebdon (2025) identify pension funds' investment strategies as vital components of efficient and sustainable pension management. Throughout the book's fifth chapter, they discuss pension plans' formal investment policies, focusing on safe investments, liquidity, and returns that can fund distributions and increase the value of pension funds. Chen, Hoang, and Ebdon (2025) begin Chapter Six with an analysis of the actuarial process used to determine the values of public pensions' liabilities, assets, funded status, and contributions from employers and employees. They educate the readers on the process's main phases: data collection, salary growth projections, calculations of future benefits' present values, employees' and employers' contributions, and estimations of the pension plans' investment assets and liabilities. To illustrate that procedure, the authors provide a case study, a simulation using data from Boston College's Center for Retirement Research, and a glossary of the various terms related to the actuarial process.

Chen, Hoang, and Ebdon (2025) provide a more in-depth analysis of public pension managers' decisions and challenges. They address pension plans' benefits and contributions as two important concepts that fall under the decisions made by administrators. They indicate that pension benefits derive from a "defined benefit (DB) formula" (p. 114), which is the product of the employees' final years of salary, years of service, and a benefit multiplier. The multiplier is a percentage of pay that pension plan members receive based on their years of service prior to retirement. The authors also discuss the concept of a cost-of-living adjustment and introduce readers to "pension spiking," which occurs when employees use overtime hours to deliberately

increase their final year's salary to maximize their pension payouts. Chen, Hoang, and Ebdon (2025) note that existing federal regulations are often incorporated into public pension plans as protective measures, ensuring that beneficiaries are also eligible for Social Security benefits during retirement. The authors provide further details about the primary funding components of deferred benefits pensions and discuss Deferred Retirement Option Plans (DROP), which enable pension-eligible employees to receive their pension benefits while continuing to work. They also discuss various reforms employed by pension plan administrators to fulfill pension obligations and objectives while striking a balance between contributions and benefits. The authors discuss the challenges faced by public pension managers and the reforms that could lead to more efficient pension plan management through the reduction of benefits and the increase of contributions. To illustrate their argument, Chen, Hoang, and Ebdon (2025) revisit the logic model framework, identify the challenges at every step, recommend corresponding reforms, and provide case studies of public pension plans in Illinois and Nebraska.

Chapters nine to eleven are the shortest of all and conclude the book. In Chapter Nine, Chen, Hoang, and Ebdon (2025) provide additional context and information on deferred contributions, deferred benefits, and hybrid plans. They present the advantages and disadvantages of each plan and discuss the challenges that government entities face when transitioning from one plan to another, specifically from deferred benefits to deferred contributions or other hybrid options, such as cash balance plans. They remind the readers that successful reforms of pension plans require a careful balance between meeting pension plans' objectives and adhering to the regulatory requirements to which those plans are subject. Chen, Hoang, and Ebdon (2025) explore the impact of reforms on pension plans. As they approach a conclusion, the authors summarize the previous ten chapters, provide key takeaways, and discuss the impact of recent events, such as the COVID-19 pandemic, on pension management. They concluded the book with reform recommendations for public pension administrators and research questions for academic researchers in the field of public pensions. They suggested that policymakers prioritize ethics and transparency and account for the socio-political context of their environment when exploring pension reforms. They reminded researchers of the wide range of data available from various sources, such as the Current Population Survey (CPS), that could be used to explore the effect of part-time employment or employee demographics on pension plan reforms.

In *Management Public Pension Plans: Decisions, Challenges, and Reform*, Chen, Hoang, and Ebdon (2025) discuss the complex topic of public pension management. The book is easy to read and suitable for a diverse audience, including public pension administrators, academic researchers, pension beneficiaries, and the general public. It includes case studies, examples, and references to pension regulations and databases to illustrate the authors' arguments. Chen, Hoang, and Ebdon's (2025) vast experience in public pension research and management is evident through the book. Overall, the book's layout effectively displays the authors' extensive knowledge of public pensions and research skills, as they have organized the chapters into an intelligible format and included robust reference lists.

Throughout the book, Chen, Hoang, and Ebdon (2025) skillfully convey the tenets of public pension management to readers in a manner that is accessible to all levels of interest and expertise. *Management Public Pension Plans: Institutions, Challenges, and Reforms* is a well-written book and a must-read for public pension administrators, academic researchers, and anyone interested in public pension management.

## Disclosure Statement

The author declares that there are no conflicts of interest that relate to the research, authorship, or publication of this article.

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**Jean-Claude Ndong** is an adjunct professor at the School of Public Administration at Florida Atlantic University. He works in public procurement for the Purchasing Department of Palm Beach County in Florida. He received his B.S. in financial management and accounting from Franklin University, his MBA from Otterbein University, and his Ph.D. in public administration from Florida Atlantic University. His research focuses on issues related to public budgeting and finance, public procurement, and businesses' resilience to disasters.