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## **Report Highlights US Pension Shortfall.**

**Funding shortfalls for state and local pension funds are a key source of fiscal fragility in the United States.**

Research by IMF economists indicates that government employee pension fund assets are significantly smaller than their rapidly growing liabilities.

A severe shock in the future could affect resources significantly, making fiscal adjustment necessary, the research indicates.

In the IMF working paper, *Public Wealth in the United States*, economists Fabien Gonguet and Klaus-Peter Hellwig analyse the evolution of the US public sector balance sheet between 1945 and 2016.

They conclude that the country faces “large fiscal adjustment needs” that will require policy changes in the long-term either to raise public revenues in order to keep social promises - or to [cut in other areas](#).

“Under our baseline assumptions, we find that current fiscal policies in the US are not viable in the long-term,” write Gonguet and Hellwig.

[Continue reading.](#)

**Public Finance International**

by Gavin O’Toole

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