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Every Municipality Is Struggling With Unfunded Pension Liabilities - What Is the Fix?

Almost every local and state government in the United States is currently struggling with their unfunded pension liabilities - which essentially means that local and state government workers have been promised far more in pension benefits than the monies set aside to meet those obligations.

Furthermore, most states have strong constitutional protections for these pension benefits, which protect against any proposed reductions in originally promised pension benefits or increases in the employee contributions. According to a report published by the American Legislative Exchange Council – which uses more appropriate assumptions on investment returns than the plans use themselves – state and local governments' unfunded liabilities now exceed \$6 trillion.

In this article, we will take a closer look at the impact of unfunded liabilities on local governments and how local and state governments are preparing to meet these unfunded liabilities.

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by Jayden Sangha

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