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Bond Sales Get Too Expensive Just When Public Pensions Need Them.

- **Municipal pension debt sales fall 70% from 2021 pace**
- **Returns hit by stock drop as rate rises make borrowing costly**

US cities and states have backed away from selling bonds to cover pension obligations because of rising borrowing costs, increasing their long-term burden of unfunded pension gaps.

So far this year, municipal governments sold just $2.7 billion of bonds in which proceeds would at least in part help finance retirement systems, an almost 70% drop from the same period a year ago, according to data compiled by Bloomberg. At the same time, an index of 10-year, AAA benchmark yields has risen to about 2.5% from near 1% in January.

“The market now makes it more difficult to justify” selling pension bonds, Pat Luby, municipal strategist at Creditsights Inc., said in an interview. “It’s not impossible, but it’s definitely more difficult to do.”

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By Hadriana Lowenkron

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