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Is It Time To Stop Worrying About Pensions?

Public pension numbers are looking better than they have in over a decade. But some worry it may not last.

Welcome back to Route Fifty's Public Finance Update! I'm Liz Farmer and this week I'm writing about the latest public pension plan numbers—which are the best they've been since the Great Recession and the Financial Crisis slashed assets by one-third between 2007 and 2009.

Nationally, pensions now have 77% of the assets they need to meet all their future unfunded liabilities, and the Equable Institute, a bipartisan non-profit that promotes public sector retirement security, predicts that will rise to 78% this year. It's the highest funded ratio for pensions since 2009.

What's more, funding discipline has improved over the last decade. Data collected by the Boston College Center for Retirement Research shows that more governments have been paying their full pension bill. Last year, 98% of the average pension bill was paid, compared with just 81% back in 2011. Some would also say that those bills are more realistic than they were before the Great Recession as many pension plans have shifted their investment return assumptions downward from 8% in 2009 to a median of 7% today.

Continue reading.

Route Fifty

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