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Liabilities Growth Still Outpacing Assets, Report Finds.

The largest U.S. public retirement systems had an aggregate 0.9% growth in assets in fiscal year 2012, but a 4.1% growth in liabilities, according to the Public Fund Survey released Wednesday. In aggregate, assets increased to \$2.67 trillion, while liabilities reached \$3.63 trillion at the end of fiscal year 2012.

The survey, sponsored by the National Association of State Retirement Administrators and the National Council on Teacher Retirement, covers 85% of the state and local government retirement systems. The 126 plans in the survey had a median funding level of 73.1%.

The survey found most retirement systems have recognized investment losses incurred in 2008 and 2009, or are close to doing so. Retirement systems with fiscal years ending Dec. 31 had a one-year median return of 13.1%, while those with a June 30 fiscal year-end, which represent three-fourths of the plans, had a median return of 1.2%.

“We’re right on the cusp of two things: having recognized the market losses of ’08 and ’09, and the beginning of recognizing the strong gains experienced in the last months,” said Keith Brainard, NASRA research director, in an interview.

For the first time in the survey’s 12-year history, the median employee contribution rate changed, to 5.7% from 5%. Increasing employee contribution rates has been the most common change in recent years, along with an upward trend in employer contributions, Mr. Brainard said.

BY HAZEL BRADFORD