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How Optimistic Math Conceals Depth of America's Public Pension Crisis.

Minnesota's funded ratio fell more than 30%, leaving its state pension funded at 52.10%, according to S&P Global Ratings

Minnesota's state pension funds became the seventh most underfunded in the country in 2016 after its largest fund lowered its expected rate of return to a more realistic level.

The move highlighted how optimistic return estimates for public pension funds have helped disguise the extent of America's pension crisis and underscored how teachers, firefighters and other public employees may end up looking forward to a smaller safety net.

Minnesota's actions were prompted by the Government Accounting Standards Board, which has pushed state pension funds to base their funding ratios on more conservative forecasts on their investments. In response, its largest pension fund for public-sector workers slashed its expected return from 7.90% to 4.17% for fiscal 2016.

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MarketWatch

by Sunny Oh

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