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Amid Concerns of a Recession, Pension Plan Returns Fall Short.

After two straight years of beating expectations, pension investment earnings have slightly dipped thanks in part to fears of a trade war.

Public pension plans are missing their investment earnings expectations for the first time in three years, a development that could strain future state and local budgets amid rising concerns that the national economy is slowing.

Plans with more than $1 billion in assets earned a median return of 6.79 percent for the fiscal year ending June 30, according to the firm Wilshire Trust Universe Comparison Service. That's below those plans' median long-term expected rate of return of 7.25 percent.

Pension plans rely heavily on investment earnings because annual payments from current employees and governments aren't enough to cover yearly payouts to retirees. As it stands, roughly 80 cents on every dollar paid out to retirees comes from investment income.

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