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S&P Guidance | Criteria | Governments | U.S. Public Finance: Assessing U.S. Public Finance Pension And Other Postemployment Obligations For GO Debt, Local Government GO Ratings, And State Ratings.

This document provides additional information and guidance related to our criteria, "GO Debt," published Oct. 12, 2006; "Local Government GO Ratings Methodology And Assumptions," published Sept. 12, 2013; and "U.S. State Ratings Methodology," published Oct. 17, 2016. It is intended to be read in conjunction with those criteria. For a further explanation of guidance documents, please see the description at the end of this article.

Guidance documents provide guidance on various matters, including articulating how we may apply specific aspects of criteria; describing variables or considerations related to criteria that may change over time. This guidance focuses how S&P Global Ratings assesses pension and other postemployment benefit (OPEB) funding assumptions and methods, and their impact on U.S. governments' projected costs and liabilities. Provided are example guidelines that we commonly consider when analyzing the potential for cost acceleration and budget stress. We may adjust guideline numbers as we consider appropriate, such as if market conditions change.

When we refer to "guidelines", we mean that we will consider the degree to which an obligor's assumptions or methods vary in relation to the guidelines. Given no two pension plans are exactly alike, there is no single answer for what "good" assumptions look like. Therefore, we use the figures in the table to analyze these assumptions and methods within the context of an obligor's overall credit profile, including its ability to afford rising costs and proactive management measures to address them.

Specifically, we use these pension and OPEB guidelines when applying the following criteria sections:

- "GO Debt," Financial Indicators, paragraphs 14 and 16; and Debt Factors And Long-Term Liabilities, paragraphs 36-38;
- "U.S. Local Governments General Obligation Ratings: Methodology and Assumptions," Framework for Determining A U.S. Local Government Rating, paragraph 35; Institutional Framework Score, paragraph 37; Management Score, paragraph 50; Budgetary Performance Score, paragraph 68; Debt and Contingent Liabilities Score, paragraph 82; and
- "U.S. State Ratings Methodology," Financial Management, paragraphs 34, 57, 59; Debt and Liability Profile, paragraphs 69-71 and 73.

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