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Virus Downturn Will Further Strain Troubled Public Pension Funds.

New research warns that the nation's worst-off retirement plans for state and local government workers "face the risk of running out of assets in the foreseeable future" if there's a slow recovery.

The nation's 20 most financially troubled state and local government pension plans could see their funding levels fall to precariously low levels if the economy has a sluggish recovery from the downturn that the coronavirus outbreak has caused, new research finds.

Most public pension systems will take a near-term financial hit due to the dramatic slump that the virus has brought on. But despite this setback, they should be able to weather the rough patch with little risk of not being able to cover benefits in the coming years, according to a research brief from the Center for State and Local Government Excellence and the Boston College Center for Retirement Research.

But for the worst-funded plans, the outlook the researchers present is potentially more dire. "Plans with extremely low-funded ratios in 2020 may still face the risk of running out of assets in the foreseeable future if markets are slow to recover," the brief says.

Continue reading.

Route Fifty

By Bill Lucia,

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