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Public Pension Funds in an Era of Low Rates and COVID-19.

What is the most prudent strategy for state and local governments confronting low returns on pension investments, aging workforces, and pressure to build portfolios large enough to cover promised future benefits at the same time that these governments face other pressing demands?

Presentations at the 2020 Municipal Finance Conference provide contrasting answers to this question.

Louise Sheiner and Finn Schuele of the Hutchins Center at Brookings with co-author Jamie Lenney of the Bank of England argued at last year's conference that, in aggregate, state and local government pension liabilities can be stabilized as a share of the economy with relatively moderate fiscal adjustments. Accordingly, they concluded there is no imminent crisis for most pension funds.

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The Brookings Institute

by David Wessel

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