

Bond Case Briefs

Municipal Finance Law Since 1971

S&P: Five U.S. State And Local Government Pension And OPEB Trends To Watch For In 2021 And Beyond

Key Takeaways

- Pension contribution deferrals are likely to increase among some U.S. local governments experiencing severe budgetary stress.
- Declining government payrolls and early retirements will contribute to shortfalls in required plan contributions and demographic changes could increase costs.
- As interest rates remain low, safer investment options may appear less attractive for pension funds needing to meet targeted returns.
- Governments struggling with budgetary stress may find certain pension reform initiatives, like pension obligation bonds (POBs), could be helpful for long-term system health but do not necessarily solve near-term credit pressures.
- We expect governments and asset managers will be increasingly guided by environmental, social, and governance (ESG) factors in making investment decisions.

[Continue reading.](#)

25 Jan, 2021