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Public Pensions Won't Earn as Much from Investments in the Future. Here's Why That Matters.

Most of all, it's important for state and local entities to have a reasonable plan and to stick with it

State pension systems dropped the rate of return they assume for their investment portfolios again, continuing a two-decade long trend that public-finance experts say is necessary, even as it presents some challenges for the entities that participate in such plans.

The median assumed return in 2021 is 7.20%, according to a report published early in May by the National Association of State Retirement Administrators, down roughly 1 percentage point since 2000, as the investment managers charged with managing trillions of dollars for municipal retirees have adapted to a more challenging market environment.

“Long-term growth projections have come down pretty significantly from the rates of growth we saw going back to the 1990s,” said Greg Mennis, director of the public sector retirement systems project at the Pew Charitable Trusts.

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MarketWatch

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