

Bond Case Briefs

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S&P: Pension Pressure Lingers For Largest U.S. Cities Despite Federal Stimulus

Key Takeaways

- Pandemic-related federal stimulus provided funding for the cities surveyed, helping to alleviate immediate budgetary pressure, even if federal stimulus could not be used to fund pension payments.
- Funded ratios remained relatively stable, with the overall median increasing slightly, and we estimate reported funded levels will improve in fiscal 2021 given generally strong market returns to date.
- Fixed debt service and retirement costs remain high for several cities surveyed which could cause downward rating pressures over the long term.
- For most cities surveyed, pension contributions outpaced budgetary growth over the past decade.

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