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State and Local Public Pension Plan Funding Up.

The amount of money in government plans grew from 2020 to 2021 because of strong investment returns and required contributions, a new report shows.

The “funded status” of state and local government pension plans nationwide increased to 75% in 2021, up from 72% in 2020, because of strong investment returns and more governments making required plan contributions. according to the latest [Public Plans Database Snapshot analysis](#) from MissionSquare Research Institute.

According to Investopedia, funded status is a pension fund’s financial status measured by subtracting its obligations from its assets. This is useful for understanding how many employees will be covered in a worst-case scenario should their government or company be forced to pay all retirement benefits at once.

Key Findings

Here are some of the key findings from the December Public Plan Database Snapshot:

- Most state and local pension plans contribute nearly all or more than the full actuarially determined employer contribution.
- The mix of pension fund investments has changed immensely since 2005. The share of total portfolios invested in real estate, hedge funds, commodities and alternative investments increased from 9% in 2001 to about 29% in 2020.
- The ratio of active workers to plan beneficiaries is decreasing across all public plan sizes. Factors contributing to this trend include the ongoing retirement of baby boomers and the departure of other employees amid the “Great Resignation.”

MissionSquare established the snapshot in 2007 as a detailed look at state and local pension plans. It is a collaborative effort with the Center for Retirement Research at Boston College, the Government Finance Officers Association and the National Association of State Retirement Administrators.

The database is updated every quarter with the most recently reported funded ratios, investment income and other information for 210 of the largest plans in the U.S., representing 95% of state and local pension assets, the report says.

For more information from the MissionSquare Research Institute pension plan analysis [click here](#).

Route Fifty

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FEB 22, 2022

