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Pension Funds Plunge Into Riskier Bets - Just as Markets Are Struggling.

More public pension plans than ever are using leverage, investing borrowed money in an effort to earn higher returns and close big funding gaps

U.S. public pension funds don't have nearly enough money to pay for all their obligations to future retirees. A growing number are adopting a risky solution: investing borrowed money.

As both stock and bond markets struggle, it's a precarious gamble.

More than 100 state, city, county and other governments borrowed for their pension funds last year, twice the highest number that did so in any prior year, according to a Municipal Market Analytics analysis of Bloomberg data. Nearly \$13 billion of these pension obligation bonds were sold last year, which is more than in the prior five years combined.

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By Dion Rabouin and Heather Gillers

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