

Bond Case Briefs

Municipal Finance Law Since 1971

S&P: Market Swings Could Signal Contribution Volatility For U.S. State Pensions And OPEBs

Key Takeaways

- The average U.S. state pension funded ratio rose significantly in fiscal 2021—to 81.7%, from 68.9% in fiscal 2020—due to extraordinary investment returns. However, we expect most of these funding gains will be undone in fiscal 2022.
- 16 U.S. states met our minimum funding progress metric for pensions, indicating they made meaningful contributions toward full funding in fiscal 2021.
- We expect fixed rate funding and actuarial smoothing techniques will keep short-term contributions mostly consistent, but there could be longer-term fallout from market volatility.
- Retiree health care plans remain substantially underfunded because most states direct limited resources to other priorities.

[Continue reading.](#)

3 Aug, 2022