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State and Local Pensions Post Worst Losses Since Great Recession.

The public sector retirement plans are in better overall shape than they were back in 2008. But some are still badly underfunded and many are gambling on riskier investments.

Welcome back to another edition of *Route Fifty's Public Finance Update*! I'm Liz Farmer and this week, I'm looking at public pension plans, which just wrapped up their worst year of investment losses since the financial crash in 2008. But—as if we needed any reminder—it's a very different world today than it was in the late 2000s. This year's damage hurts, but it isn't sending people running for the hills. I'll explain why.

The predictions of just how poorly public pension plans performed in the year ending June 30 range from average losses of 7% to more than 10%. But the bottom line is that the stock market has fallen by more than 20% in value over the past six months and investment losses from that will wipe out all the historic gains pensions made in 2021.

It means that pension funding levels, the share of assets plans have on hand to meet all their promised obligations to current employees and retirees, are likely to dip back down to an average of 72%, according to S&P Global Ratings.

Continue reading.

Route Fifty

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AUGUST 2, 2022