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Average Funded Status of Local, State Retirement Systems Declined 6% in 2022.

Coming off a strong 2021, the economy was hit hard last year, making it difficult for administrators to effectively manage retirement system and pension fund assets. The average funded status for the top state and local retirement systems dropped by a little more than 6 percent in 2022, according to a research brief from the nonprofit Equable Institute, "[The State of Pensions 2022: Year End Update](#)."

"Fortunately, the investment losses in 2022 didn't wipe out all the funded status gains from 2021. Unfortunately, the sharp losses this year have exposed—yet again—the lack of resilience plaguing many public pension plans," the report reads. "Once all public pension plans release their 2022 data, we estimate that the combined funded status for the top state and local retirement systems will be 77.3%."

Driven by poor investment returns, the pension funding shortfall increased nationally to \$1.4 trillion during 2022 after dipping below \$1 trillion in 2021. A pension's funded ratio reflects its financial health. Pension plans with a funded ratio above at least 80% are considered healthy.

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