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State & Municipal Treasurers Publish Letter Encouraging McCarthy to Make Deal on Federal Debt Ceiling.

They say a default would be ‘catastrophic’ and devalue portfolios, damaging pension funds and 401(k) plans.

Eleven U.S. state treasurers and the comptrollers of Maryland and New York City have sent a letter to House Speaker Kevin McCarthy demanding the House of Representatives vote to increase the debt limit to prevent “catastrophic consequences” they say would damage pension funds, 401(k) plans and other retirement and educational savings vehicles.

In addition to the Maryland and NYC comptrollers, the letter was signed by the state treasurers of Colorado, Connecticut, Delaware, Illinois, Maine, Massachusetts, Nevada, Oregon, Rhode Island, Vermont and Washington.

The letter outlines their concerns that the federal government will be forced to default on its debt, which hit the current limit of $31.4 trillion last week. The Treasury Department has taken “extraordinary measures” to make sure the government can meet its financial obligations, but those will likely only work until June. If a default happens, the signatories say, “the value of portfolios invested across asset classes would decrease significantly.”

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Chief Investment Officer

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