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S&P Pension Spotlight: Texas

Key Takeaways

- Recent contribution increases have improved the overall outlook on Texas pensions, but attributes remain that introduce contribution volatility risk.
- Local government pension costs are manageable for most issuers that participate in the well-funded municipal and county plans.
- After strong asset returns in fiscal 2021 improved funded ratios, weaker market performance in fiscal 2022 erased most or all of those gains, and 2023 could bring further declines or stagnant returns, increasing future contributions.
- Other postemployment benefit costs, while moderately high, are a minimal credit pressure for Texas local governments.

Continue reading.

4 Apr, 2023

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