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S&P: Five U.S. Public Pension And OPEB Points To Watch In 2024

Key Takeaways

- We expect U.S. public pension funded ratios will improve in fiscal 2024 due to positive market results in the first half.
- U.S. public pensions face growing risks because discount rates used to measure the funded ratio are based on increasingly diverse and opaque asset allocations.
- Inflation affects many pension factors, and the Consumer Price Index (CPI) has crossed below long-term rates.
- Pension obligation bond (POB) issuance could make a comeback, although not until rates fall further.
- An aging population exacerbates contribution risk stemming from market volatility.

Continue reading.

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