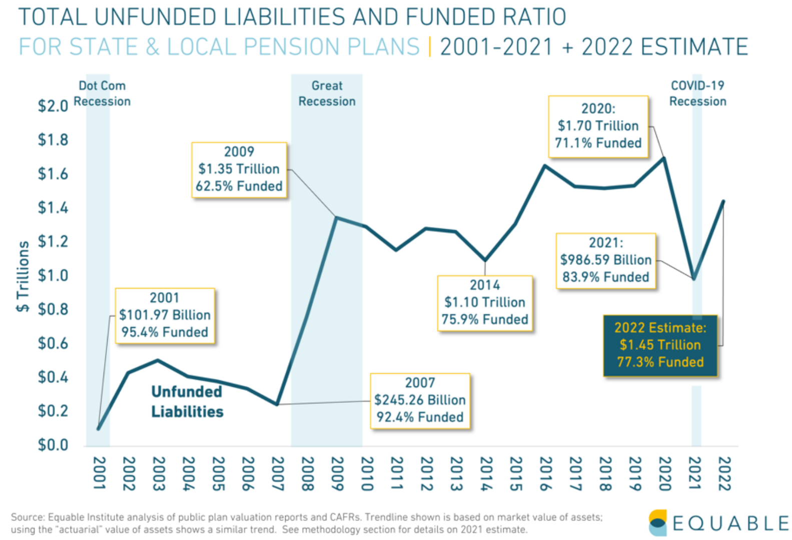
Contact:
Sam Shaw
Vice President of Communications
sam@equable.org
646-470-0824

Equable Institute Analysis: U.S. Public Pension Funds Did Not Recover Funded Ratio Losses in Q4

2022 funded ratio declines to 77.3%; plans on track to miss investment return targets for 2023



NEW YORK, January 10th, 2023 – Today, Equable Institute released a year end update to its State of Pensions 2022 report. The analysis finds the aggregate funded ratio for U.S. state and local retirement systems declined from 83.9% in 2021 to 77.3% in 2022, based on available data through December 31st, 2022. Equable Institute estimates that unfunded liabilities will total $1.45 Trillion for the 2022 fiscal year, representing a loss of nearly half of the gains from 2021's record investment returns.

After a year of investment volatility and record inflation, public pension plans averaged a -6.14% return on average in 2022, dramatically underperforming the 6.9% average assumed annual rate of return. Despite a year of significant losses, the funded status of state and local retirement systems remains stronger in 2022 than it was heading into the Covid-19 pandemic in 2019. However, based on Equable Institute's outlook for 2023, most pension funds are not on track to meet investment return targets.

"While the positive gains from 2021 weren't entirely wiped out in 2022, the outlook for 2023 is not strong," notes Equable executive director Anthony Randazzo. "Many major market indices were close to flat over the last two quarters of the calendar year, suggesting that most pension funds with a fiscal year ending in June are already behind the curve for 2023. Looming interest rate hikes, potential negative pressure on global commerce from Covid policy changes in China, persistent inflation, and the on-going war in Ukraine are just some of the headwinds that could contribute to another year of underperforming investments."

While aggregate numbers have trended negatively in 2022, the effect of last year's volatile market conditions has varied across plans and states. The report finds that the funded status of most states' retirement systems are fragile, with a few exceptions falling into resilient and distressed categories.

The year end update to State of Pensions 2022 also includes a ranking of the 2022 funded status of all 50 states plus Washington D.C. The analysis reveals that Washington D.C. and Washington State top the list with aggregate funded ratios of 103.4% and 102.9%, respectively. Illinois and Kentucky have the worst funded pension plans in the nation at the end of 2022.

STATES RANKED BY 2022 FUNDED RATIO

Rank	State	Funded Ratio	Unfunded Liability		Rank	State	Funded Ratio	Unfunded Liability
1	District of Columbia	103.4%	-$323,351,808		42	Pennsylvania	65.3%	$63,830,526,208
2	Washington	102.9%	-$4,006,809,472		43	New Hampshire	65.1%	$5,736,130,560
3	South Dakota	100.0%	$0		44	Vermont	61.9%	$3,355,864,768
4	Tennessee	99.5%	$330,451,520		45	North Dakota	60.1%	$4,427,750,400
5	Nebraska	96.1%	$665,939,840		46	Mississippi	59.9%	$20,583,639,040
6	New York	94.4%	$37,288,583,680		47	South Carolina	57.8%	$27,865,324,032
7	Wisconsin	93.2%	$10,018,704,512		48	Connecticut	51.5%	$41,852,312,448
8	Iowa	90.9%	$4,339,720,704		49	New Jersey	50.1%	$100,052,413,440
9	North Carolina	88.8%	$14,425,116,672		50	Illinois	50.0%	$209,967,487,488
10	Delaware	88.8%	$1,367,923,712		51	Kentucky	47.3%	$42,259,716,736

**Funded ratios are the aggregate of all statewide retirement systems and large municipally managed plans. Data is based on actual reported financial and Equable estimates based on benchmark returns for reported asset allocations.*

A full ranking of all 50 states plus Washington, D.C. is available in the year end update to State of Pensions 2022.

To read the State of Pensions 2022 Year End Update, access interactive data visualizations, and download raw data, visit: http://www.equable.org/stateofpensions2022.

About Equable Institute

Equable is a bipartisan non-profit that works with public retirement system stakeholders to solve complex pension funding challenges with data-driven solutions. We exist to support public sector workers in understanding how their retirement systems can be improved, and to help state and local governments find ways to both fix threats to municipal finance stability and ensure the retirement security of all public servants.

Filename: State of Pensions 2022 Jan Update Media Release_Final.docx
Directory: /Users/samanthashaw/Downloads
Template: /Users/samanthashaw/Library/Group Containers/UBF8T346G9.Office/User Content.localized/Templates.localized/Normal.dotm
Title:
Subject:
Author: Samantha Shaw
Keywords:
Comments:
Creation Date: 1/11/23 10:13:00 AM
Change Number: 2
Last Saved On: 1/11/23 10:13:00 AM
Last Saved By: Samantha Shaw
Total Editing Time: 1 Minute
Last Printed On: 1/11/23 10:13:00 AM
As of Last Complete Printing
Number of Pages: 2
Number of Words: 666
Number of Characters: 4,168 (approx.)