

Summary of the Quarterly Survey of Public Pensions for 2017: Q2

ASSET GROWTH CONTINUES IN SECOND QUARTER 2017

By Melinda Caskey, Deron Pope, and Gritiya Tanner

Released September 2017

G17-QSPP2



ASSETS SHOW STRONG GROWTH FROM PRIOR QUARTER

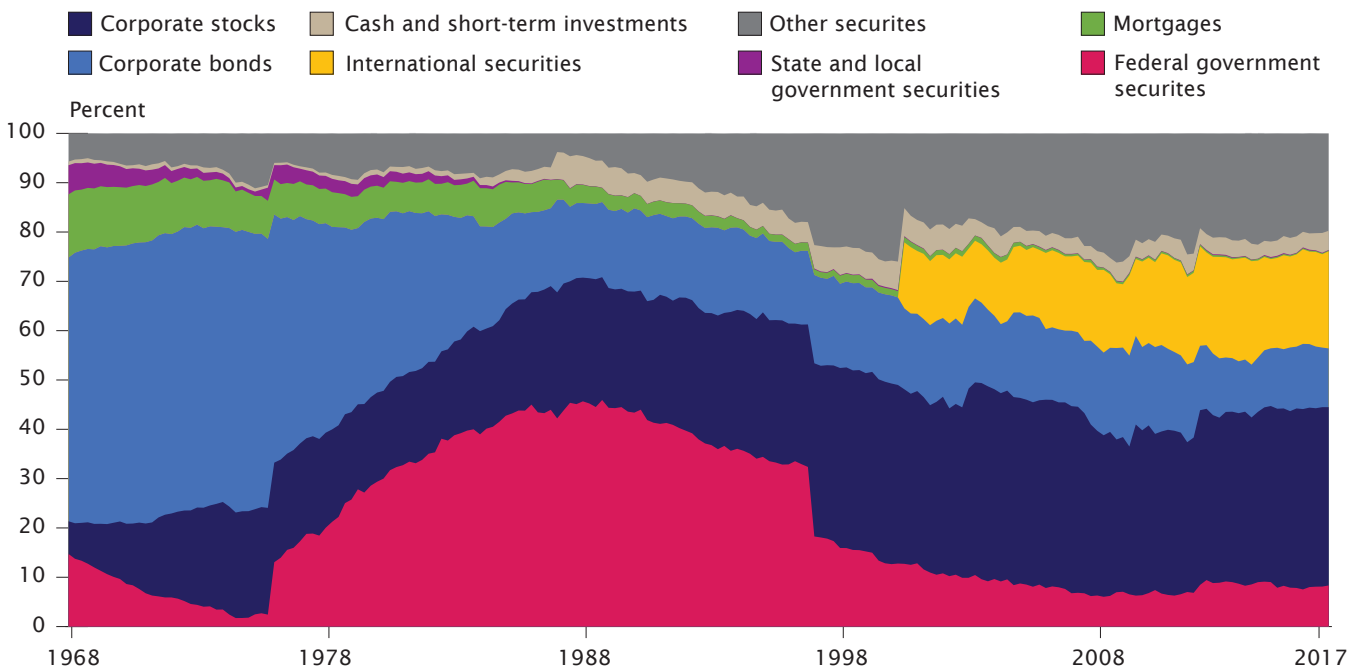
For the 100 largest public-employee pension systems in the country, assets (cash and investments) totaled \$3,584.0 billion in the second quarter of 2017, increasing by 2.2 percent from the 2017 first quarter level of \$3,505.5 billion. Compared to the same quarter in 2016, assets for these major public-pension systems increased 8.5 percent from \$3,302.5 billion. This continues the growth trend that began in the third quarter of 2015 (see Figure 1). This summary highlights the major asset categories (equities, debt instruments, and cash equivalents) and does not reflect all of the categories published for the Quarterly Survey of Public Pensions. Please see the complete data sets on the Web site at www.census.gov/govs/qpr for further detail.

INTERNATIONAL SECURITIES' MARKET VALUE RISES

The market value of international securities increased 4.7 percent quarter-to-quarter, from \$695.0 billion to \$727.7 billion during the second quarter of 2017. International securities also experienced a year-to-year increase of 17.5 percent from \$619.1 billion in the second quarter of 2016, which is greater than the overall increase in assets (8.5 percent) during the same period. International securities now comprise over one-fifth (20.3 percent) of the total cash and investments of major public-pension systems for the current quarter, which is the highest level since March 2014.

Figure 1.

Historic Asset Allocation of Largest Public Pensions by Quarter: 1968–2017



Source: U.S. Census Bureau, Quarterly Survey of Public Pensions.

FEDERAL GOVERNMENT SECURITIES HOLDINGS RISE

Federal government securities had a quarter-to-quarter increase of 4.5 percent, from \$286.6 billion to \$299.4 billion in the second quarter of 2017. This continues a trend that began in the first quarter of 2016. In addition, federal government securities increased year-to-year by 13.2 percent from \$264.4 billion. It comprises 8.4 percent of total assets of major public-pension systems for the current quarter.

CORPORATE BONDS SEE INCREASE FROM PREVIOUS QUARTER

Corporate bonds had a quarter-to-quarter increase of 1.2 percent in market value, from \$412.7 billion to \$417.8 billion. However, corporate bonds showed a slight year-to-year decrease of 1.8 percent from \$425.6 billion in the second quarter of 2016. Corporate bonds comprised less than one-eighth (11.7 percent) of the total cash and investments of major public-pension systems for the current quarter.

CORPORATE STOCKS INCREASE FROM LAST QUARTER

Corporate stocks saw a quarter-to-quarter increase of 2.8 percent in market value, from \$1,263.2 billion to \$1,298.5 billion. Corporate stocks also experienced a year-to-year increase of 8.1 percent from \$1,201.4 billion in the second quarter of 2016. Corporate stocks comprise more than

one-third (36.2 percent) of the total cash and investments of major public-pension systems for the current quarter.

CONTRIBUTIONS INCREASE

Employee contributions increased 12.8 percent quarter-to-quarter, from \$11.2 billion to \$12.6 billion during the second quarter of 2017. In addition, employee contributions grew year-to-year with an increase of 7.3 percent from \$11.8 billion in the second quarter of 2016. The ratio of government contributions to employee contributions was 2.5 to 1, as government contributions comprised 71 percent of total contributions. Total benefit payments were \$69.3 billion for the second quarter of 2017, an increase of 5.8 percent from \$65.5 billion last quarter, and up 4.2 percent from \$66.5 billion for the same quarter in 2016.

CASH AND SHORT-TERM INVESTMENTS DECREASE FROM PREVIOUS QUARTER

Cash and short-term investments had a quarter-to-quarter decrease of 2.9 percent in market value, from \$131.4 billion in the first quarter of 2017 to \$127.6 billion in the second quarter of 2017. However, cash and short-term investments exhibited a year-to-year increase of 17.1 percent from \$108.9 billion, reflecting the rise we saw in the fourth quarter of 2016. Cash and short-term investments comprised 3.6 percent of total assets of major public-pension systems for the current quarter.