

Summary of the Quarterly Survey of Public Pensions for 2018: Q1

ASSETS REVERSE RECENT GROWTH TREND IN FIRST QUARTER 2018

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ASSETS DECREASE SLIGHTLY

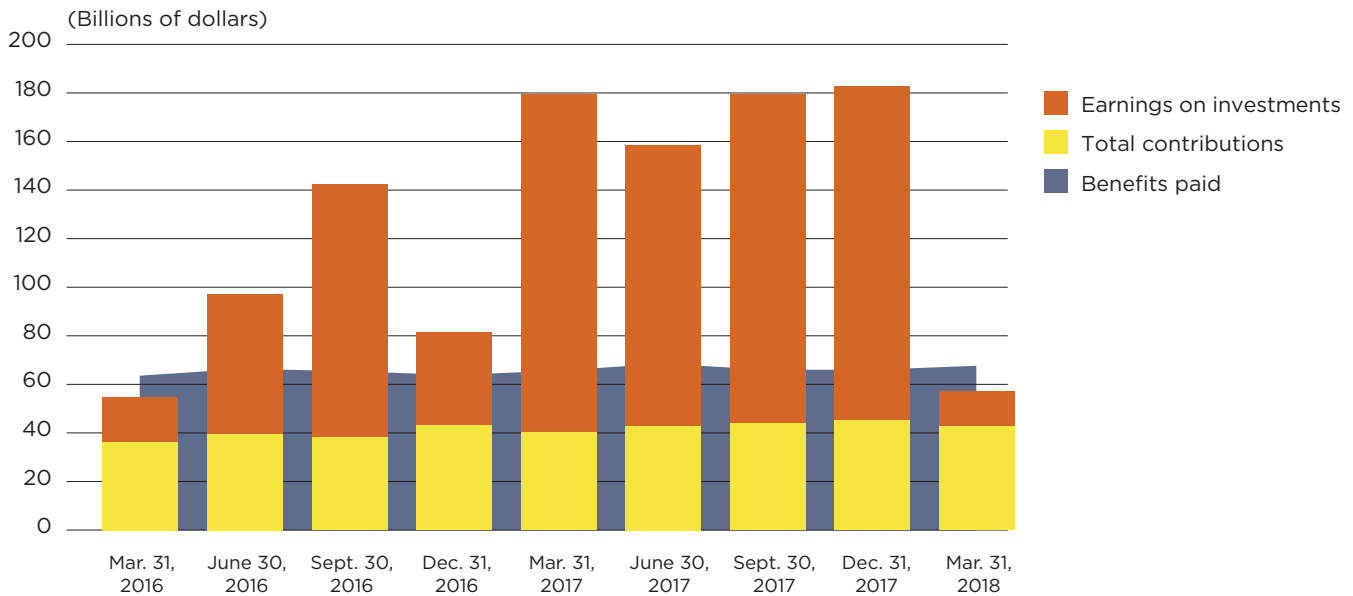
For the 100 largest public-employee pension systems in the country, assets (cash and investments) totaled \$3,778.3 billion in the first quarter of 2018, decreasing by 0.7 percent from the 2017 fourth quarter level of \$3,806.1 billion. However, compared to the same quarter in 2017, assets for these major public-pension systems increased 7.8 percent from \$3,504.0 billion. The main driver of the slight quarterly decrease in assets is low earnings on investments, which totaled \$14.3 billion during the first quarter of 2018. Earnings on investments is a critical contributor to the sustainability of pension plans. In the first quarter of 2018, it was not sufficient to make up for the deficit between contributions and benefits paid out (see Figure 1). The 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 at www.census.gov/programs-surveys/qspp.html for further detail.

CASH AND SHORT-TERM INVESTMENTS REVERSE RECENT INCREASES

Cash and short-term investments had a quarter-to-quarter decrease of 7.1 percent in market value, from \$120.2 billion in fourth quarter 2017 to \$111.7 billion in the first quarter of 2018. Cash and short-term investments also exhibited a year-to-year decrease of 16.2 percent, from \$133.4 billion. Cash and short-term investments comprised 3.0 percent of total assets of major public-pension systems for the current quarter.

Figure 1.

Contributions, Benefits, and Investment Earnings



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

CORPORATE STOCKS DECREASE FROM LAST QUARTER

Corporate stocks saw a quarter-to-quarter decrease of 3.7 percent in market value, from \$1,353.6 billion to \$1,303.3 billion during the first quarter of 2018. Corporate stocks experienced a year-to-year increase of 6.2 percent from \$1,227.2 billion in the first quarter of 2017. Corporate stocks comprise more than one-third (34.5 percent) of the total cash and investments 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 6.3 percent in market value, from \$426.3 billion to \$453.3 billion. In addition, corporate bonds showed a year-to-year increase of 14.7 percent from \$395.0 billion in the first quarter of 2017. Corporate bonds comprised less than one-eighth (12.0 percent) of the total cash and investments of major public-pension systems for the current quarter.

INTERNATIONAL SECURITIES' MARKET VALUE SEES SLIGHT DECREASE

The market value of international securities decreased 0.5 percent quarter-to-quarter, from \$766.0 billion to \$762.4 billion during the first quarter of 2018. International securities experienced a year-to-year increase of 13.5 percent from \$671.9 billion in the first quarter of 2017. International securities now comprise over one-fifth (20.2 percent) of the total cash and investments of major public-pension systems for the current quarter.

FEDERAL GOVERNMENT SECURITIES HOLDINGS SEE SLIGHT INCREASE

Federal government securities had a quarter-to-quarter increase of 0.5 percent, from \$315.2 billion to \$316.9 billion in the first quarter of 2018. In addition, federal government securities increased year-to-year by 12.1 percent from \$282.6 billion in the first quarter of 2017. Federal government securities comprise 8.4 percent of total assets of major public-pension systems for the current quarter.

Note: The data quoted in this report are from the U.S. Census Bureau, Quarterly Survey of Public Pensions. Statistical significance is not measurable for this survey because the estimates are not based on a probability sample. The data are from a panel of the 100 largest pension systems as of the 2012 Census of Governments, and as such, are not subject to sampling error. However, the survey totals do not represent the national totals for public pensions since only a subset of the universe is represented. Because of the panel sample, sampling errors of these estimates can not be measured nor can the confidence intervals be computed. For information on nonsampling errors and definitions, see <www.census.gov/programs-surveys/qspp/technical-documentation/methodology.html>.