

Summary of the Quarterly Survey of Public Pensions for 2018: Q2

ASSETS GROW SLIGHTLY IN SECOND QUARTER 2018

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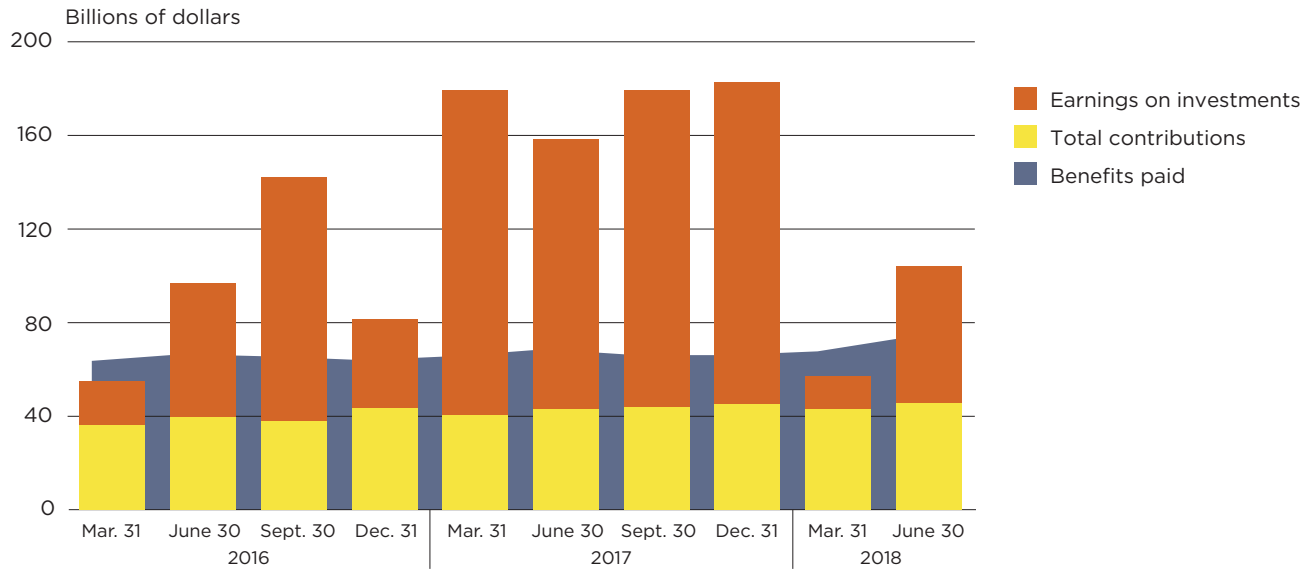
ASSETS INCREASE SLIGHTLY

For the 100 largest public-employee pension systems in the country, assets (cash and investments) totaled \$3,802.8 billion in the second quarter of 2018, increasing by 0.4 percent from the 2018 first quarter level of \$3,786.6 billion. However, compared to the same quarter in 2017, assets for these major public-pension systems increased 5.8 percent from \$3,593.7 billion. The main driver of the slight quarterly increase in assets is low earnings on investments, which totaled \$58.7 billion during the second quarter of 2018. Earnings on investments is a critical contributor to the sustainability of pension plans. In the second quarter of 2018, it slightly outpaced 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/qsp.html for further detail.

CASH AND SHORT-TERM INVESTMENTS CONTINUE RECENT DECREASING TREND

Cash and short-term investments had a quarter-to-quarter decrease of 1.5 percent in market value, from \$112.8 billion in first quarter 2018 to \$111.1 billion in the second quarter of 2018. Cash and short-term investments also exhibited a year-to-year decrease of 16.5 percent, from \$133.0 billion. Cash and short-term investments comprised 2.9 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 INCREASE FROM LAST QUARTER

Corporate stocks saw a quarter-to-quarter increase of 4.9 percent in market value, from \$1,302.4 billion to \$1,366.8 billion, during the second quarter of 2018. Corporate stocks experienced a year-to-year increase of 7.9 percent from \$1,266.7 billion in the second quarter of 2017. Corporate stocks comprise more than one-third (35.9 percent) of the total cash and investments of major public-pension systems for the current quarter.

INTERNATIONAL SECURITIES' MARKET VALUE SEES DECREASE

The market value of international securities decreased 8.9 percent quarter-to-quarter, from \$761.0 billion to \$693.4 billion during the second quarter of 2018. International securities experienced a year-to-year increase of 0.5 percent from \$689.8 billion in the second quarter of 2017. International securities now comprise less than one-fifth (18.2 percent) of the total cash and investments of major public-pension systems for the current quarter.

FEDERAL GOVERNMENT SECURITIES HOLDINGS SEE SLIGHT DECREASE

Federal government securities had a quarter-to-quarter decrease of 1.3 percent, from \$319.4 billion to \$315.3 billion in the second quarter of 2018. Conversely, federal government securities increased year-to-year by 5.5 percent from \$298.8 billion in the second quarter of 2017. Federal government securities comprise 8.3 percent of total assets of major public-pension systems for the current quarter.

CORPORATE BONDS FLAT DURING SECOND QUARTER

Corporate bonds had a small increase in market value, from \$454.6 billion to \$454.8 billion. However, corporate bonds showed a year-to-year increase of 14.1 percent from \$398.7 billion in the second 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.

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>.