

Summary of the Quarterly Survey of Public Pensions for 2014:Q3¹

PENSIONS EXPERIENCE FIRST QUARTER OF NEGATIVE EARNINGS SINCE THIRD QUARTER 2012

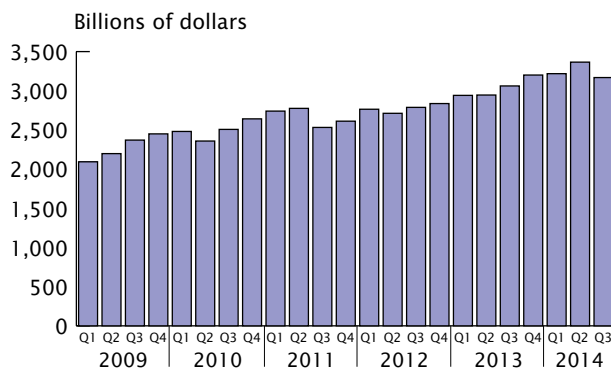
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G14-QSPP3

ASSETS DIP ON NEGATIVE EARNINGS

For the 100 largest public-employee pension systems in the country, cash and security holdings totaled \$3,305.2 billion in the third quarter of 2014, dropping from the previous all-time-high of \$3,365.4 billion set in the second quarter of 2014, a decrease of 1.8 percent. Compared to the third quarter of 2013, assets for these major public pension systems increased 8.0 percent from \$3,061.6 billion. This decline in assets is due to negative earnings, which fell from \$129.4 billion in the second quarter of 2014 to -\$43.0 billion in the third quarter. Earnings experienced a year-to-year decrease from \$120.9 billion in the third quarter of 2013.

Figure 1.
Total Holdings and Investments at End of Quarter at Market Value



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

CORPORATE STOCKS DECLINE TO LOWEST VALUE SINCE 2014:Q2

Corporate stocks had a quarter-to-quarter decrease of 0.7 percent, from \$1,176.0 billion to \$1,168.1 billion in the third quarter of 2014. Corporate stocks experienced a year-to-year increase of 10.3 percent from \$1,058.7 billion in the third quarter of 2013. Corporate stocks comprised about one-third (35.3 percent) of the total cash and security holdings of major public pension systems for the current quarter.

CORPORATE BONDS QUARTERLY GROWTH CONTINUES

Corporate bonds had a quarter-to-quarter increase of 2.7 percent from \$371.5 billion to \$381.3 billion in the third quarter of 2014. Corporate bonds year-to-year increased 18.4 percent from \$322.1 billion in the third quarter of 2013. Corporate bonds comprised less than one-eighth (11.5 percent) of the total cash and security holdings of major public pension systems for the current quarter.

INTERNATIONAL SECURITIES CONTINUE TO DECLINE FOR SECOND STRAIGHT QUARTER

International securities had a quarter-to-quarter decrease of 4.9 percent from \$656.5 billion to \$624.5 billion in the third quarter of 2014. International securities year-to-year decreased 2.1 percent from \$637.7 billion in the third quarter of 2013. International securities comprised about one-fifth (18.9 percent) of total cash and security holdings of major public pension systems for the current quarter.

¹ This summary is based on the Quarterly Survey of Public Pensions, which consists of a panel of the 100 largest state and local government pension systems, as determined by their total cash and security holdings reported in the 2012 Census of Governments. These 100 systems comprised 88.4 percent of financial activity among such entities, based on the 2012 Census of Governments. Each of the 100 systems represents itself only. These data are not subject to sampling error, but are subject to various nonsampling errors, such as errors of nonresponse and respondent error.

For further information on public pensions, please visit our Web site at <www.census.gov/govs> or contact Economy-Wide Statistics Division, U.S. Census Bureau, at 1-888-529-1963 or by e-mail at <govs.pensions@census.gov>.



FEDERAL GOVERNMENT SECURITIES INCREASE

Federal government securities had a quarter-to-quarter increase of 0.1 percent from \$307.8 billion to \$308.1 billion in the third quarter of 2014. Federal government securities year-to-year increased 15.8 percent from \$266.1 billion in the third quarter of 2013. Federal government securities comprised less than one-tenth (9.3 percent) of the total cash and security holdings of major public pension systems for the current quarter.

EMPLOYEE CONTRIBUTIONS UNDERGO SEASONAL DIP WHILE BENEFIT PAYMENTS EXPERIENCE SMALL DECLINE

Government contributions had a quarter-to-quarter increase of 4.3 percent from \$24.0 billion to \$25.0

billion in the third quarter of 2014, and a year-to-year increase of 12.5 percent from \$22.3 billion in the third quarter of 2013. Employee contributions had a quarter-to-quarter decrease of 12.8 percent from \$11.3 billion to \$9.8 billion in the third quarter of 2014, and a year-to-year increase of 19.0 percent from \$8.3 billion in the third quarter of 2013. Government contributions to employee contributions had a 2.5 to 1 ratio this quarter—government contributions comprised 71.8 percent and employee contributions comprised 28.2 percent of total contributions. Benefit payments totaled \$62.3 billion, decreasing 2.7 percent from \$64.1 billion last quarter, and a year-to-year increase of 5.0 percent from \$59.3 billion in the third quarter of 2013.

Figure 2.
Corporate Stocks¹ and Corporate Bonds² at End of Quarter at Market Value

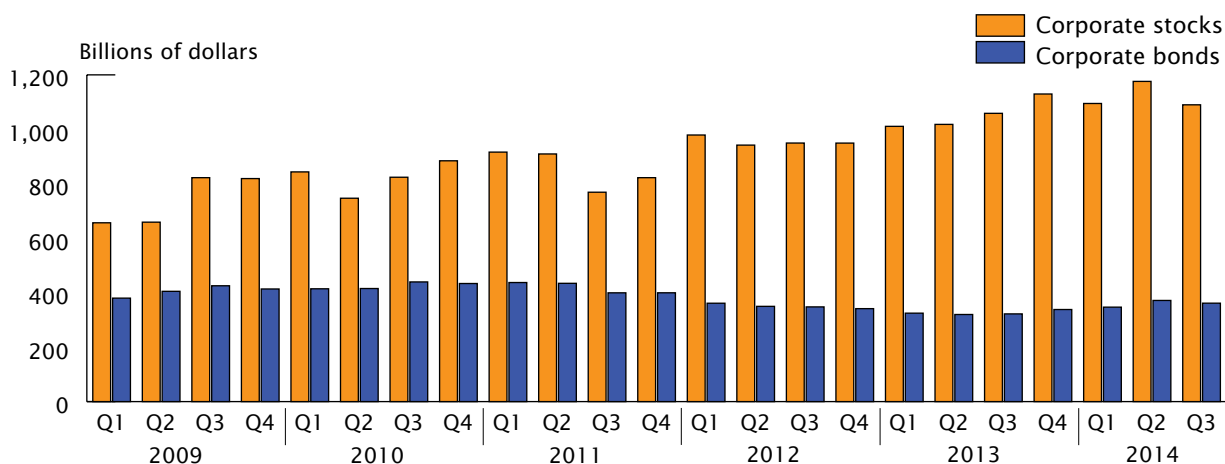
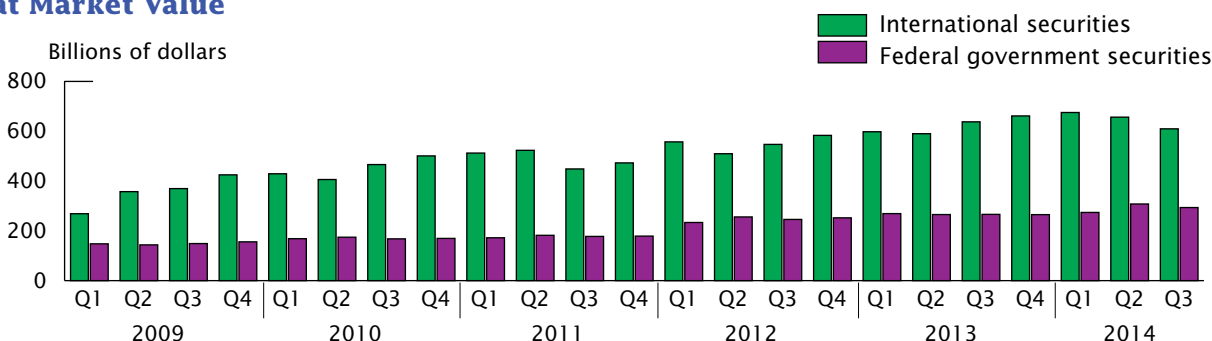


Figure 3.
International Securities and Federal Government Securities² at End of Quarter at Market Value



¹ Effective with the first quarter of 2012, private equity, venture capital, and leveraged buy-outs are now classified under *corporate stocks* instead of *other securities*. As such, for these asset categories, any data comparisons between the quarters prior to 2012 and quarters thereafter should be exercised with caution.

² Effective with the first quarter of 2012, federally sponsored agency securities are now classified under *federal government securities* instead of *corporate bonds*. As such, for these asset categories, any data comparisons between the quarters prior to 2012 and quarters thereafter should be exercised with caution.

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