

ASSET GROWTH TREND CONTINUES IN FOURTH QUARTER 2017: Q4

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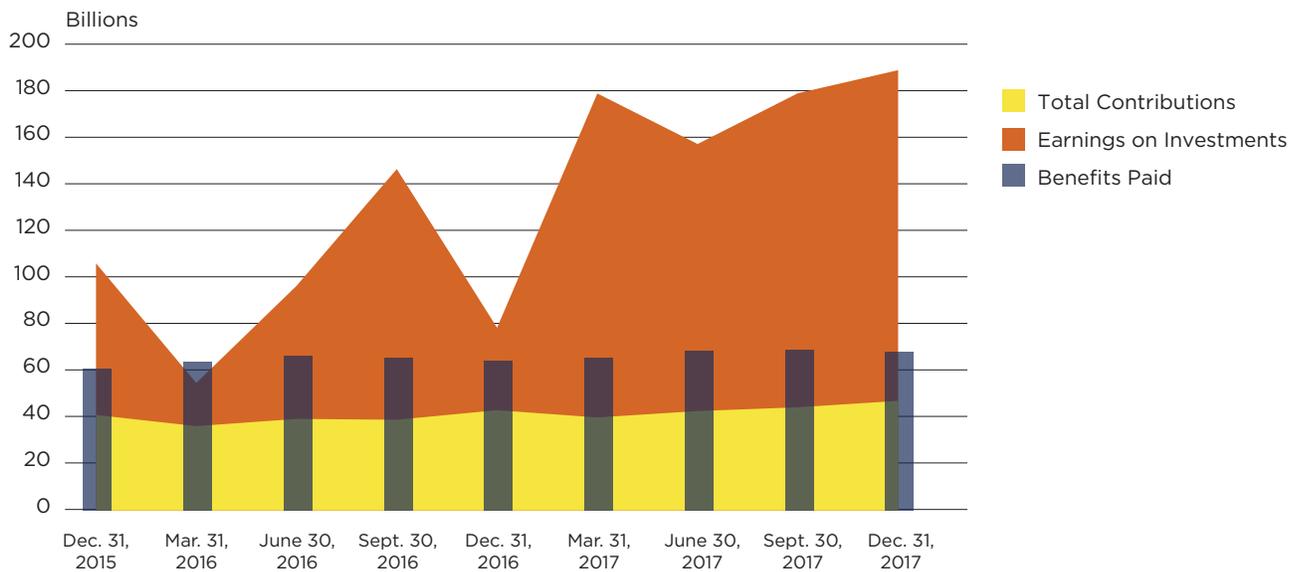
ASSETS GROWTH CONTINUES

For the 100 largest public-employee pension systems in the country, assets (cash and investments) totaled \$3,785.9 billion in the fourth quarter of 2017, increasing by 2.7 percent from the 2017 third quarter level of \$3,684.7 billion. Compared to the same quarter in 2016, assets for these major public-pension systems increased 11.6 percent from \$3,392.1 billion. The main driver of this gain is earnings on investments, which totaled \$142.2 billion during the fourth quarter of 2017. Earnings on investments make up for the deficit between contributions and benefits paid out, and are a critical contributor to the sustainability of pension plans (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 on the Web site 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 11.7 percent in market value, from \$135.5 billion in the third quarter 2017 to \$119.6 billion in the fourth quarter of 2017. Cash and short-term investments also exhibited a year-to-year decrease of 12.0 percent, from \$135.9 billion. Cash and short-term investments comprised 3.2 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.

INTERNATIONAL SECURITIES' MARKET VALUE RISES

The market value of international securities increased 2.8 percent quarter-to-quarter, from \$760.3 billion to \$781.5 billion during the fourth quarter of 2017. International securities experienced a year-to-year increase of 23.7 percent from \$631.9 billion in the fourth quarter of 2016, which is greater than the overall increase in assets (11.6 percent) during the same period. International securities now comprise over one-fifth (20.6 percent) of the total cash and investments of major public-pension systems for the current quarter.

FEDERAL GOVERNMENT SECURITIES HOLDINGS RISE

Federal government securities had a quarter-to-quarter increase of 7.4 percent, from \$305.7 billion to \$328.3 billion in the fourth 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 20.0 percent from \$273.6 billion. It comprises 8.7 percent of total assets of major public-pension systems for the current quarter.

CORPORATE STOCKS INCREASE FROM LAST QUARTER

Corporate stocks saw a quarter-to-quarter increase of 3.7 percent in market value, from \$1,295.9 billion to \$1,344.4 billion. Corporate stocks also experienced a year-to-year increase of 10.7 percent from \$1,214.4 billion in the fourth quarter of 2016. Corporate stocks comprise more than one-third (35.5 percent) of the total cash and investments of major public-pension systems for the current quarter.

CORPORATE BONDS SEE SLIGHT INCREASE FROM PREVIOUS QUARTER

Corporate bonds had a slight quarter-to-quarter increase of 1.3 percent in market value, from \$417.4 billion to \$422.9 billion. In addition, corporate bonds showed a year-to-year increase of 4.6 percent from \$404.2 billion in the fourth quarter of 2016. Corporate bonds comprised less than one-eighth (11.2 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>.