

Summary of the Quarterly Survey of Public Pensions for 2018: Q4

ASSETS DECREASE IN FOURTH QUARTER 2018

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Released April 2019

G18-QSPP4



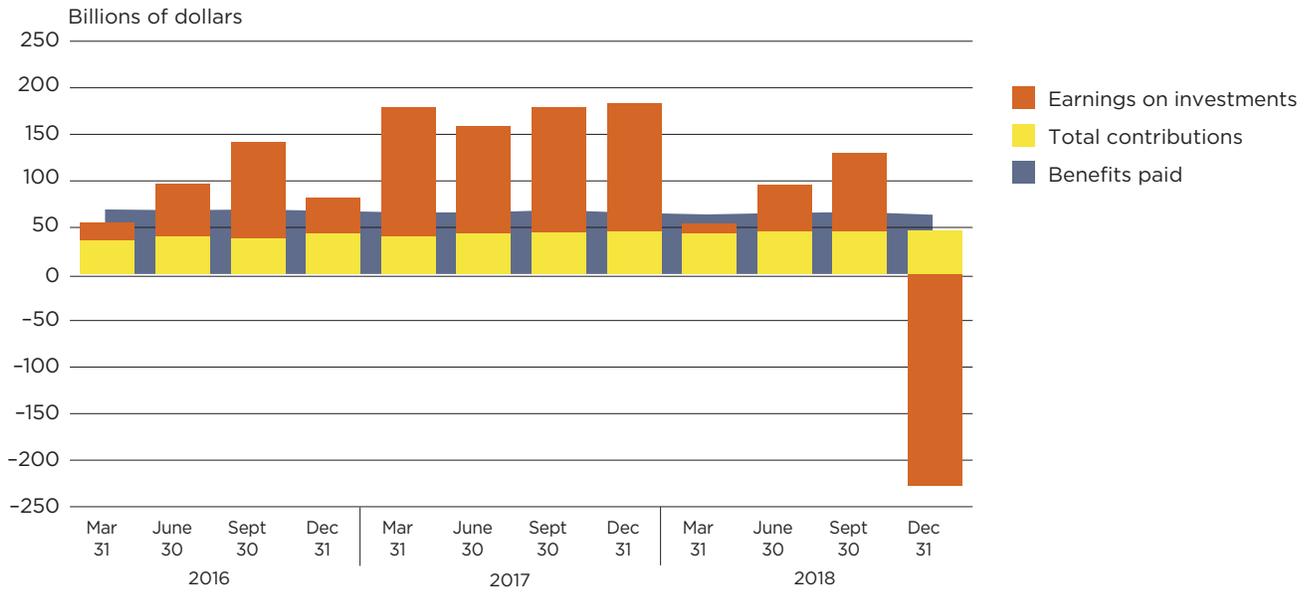
ASSETS DECREASE SHARPLY

For the 100 largest public-employee pension systems in the country, assets (cash and investments) totaled \$3,640.1 billion in the fourth quarter of 2018, decreasing by 6.1 percent from the 2018 third quarter level of \$3,877.9 billion. Compared to the same quarter in 2017, assets for these major public-pension systems decreased 4.4 percent from \$3,806.1 billion. The main driver of the decrease in assets is losses on investments, which totaled \$228.1 billion during the fourth quarter of 2018. Earnings on investments is a critical contributor to the sustainability of pension plans. In the fourth quarter of 2018, negative earnings on investments added to 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.

CORPORATE STOCKS DECREASE FROM LAST QUARTER

Corporate stocks saw a quarter-to-quarter decrease of 11.1 percent in market value, from \$1,391.9 billion to \$1,237.6 billion during the fourth quarter of 2018. Corporate stocks also experienced a year-to-year decrease, 8.6 percent, from \$1,353.6 billion in the fourth quarter of 2017. Corporate stocks comprise more than one-third (34 percent) of the total cash and investments 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 DECREASES

The market value of international securities decreased 10.4 percent quarter-to-quarter, from \$739.2 billion to \$662.6 billion during the fourth quarter of 2018. International securities also decreased year-to-year by 13.5 percent from \$766.0 billion in the fourth quarter of 2017. International securities now comprise less than one-fifth (18.1 percent) of the total cash and investments of major public-pension systems for the current quarter.

FEDERAL GOVERNMENT SECURITIES HOLDINGS INCREASE

Federal government securities had a quarter-to-quarter increase of 25.2 percent, from \$316.7 billion to \$396.5 billion in the fourth quarter of 2018. Additionally, federal government securities increased year-to-year by 25.8 percent from \$315.2 billion in the fourth quarter of 2017. Federal government securities comprise 10.9 percent of total assets of major public-pension systems for the current quarter.

CASH AND SHORT-TERM INVESTMENTS CONTINUE RECENT DECREASING TREND

Cash and short-term investments had a quarter-to-quarter decrease of 4.9 percent in market value, from \$110.4 billion in the third quarter 2018 to \$104.9 billion in the fourth quarter of 2018. Cash and short-term investments also showed a year-to-year decrease of 12.7 percent from \$120.2 billion. Cash and short-term investments comprised 2.9 percent of total assets of major public-pension systems for the current quarter.

CORPORATE BONDS DECREASE DURING FOURTH QUARTER

Corporate bonds had a decrease in market value, from \$456.4 billion to \$398.8 billion. Additionally, corporate bonds showed a year-to-year decrease of 6.5 percent, from \$426.3 billion in the fourth quarter of 2017. Corporate bonds comprised less than one-eighth (11.0 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>.