

FOURTH QUARTER 2021

U.S. State Pension Plans Funding Status

Wilshire Estimates Nearly Four Percentage Point Increase in Aggregate Funded Ratio for U.S. State Pension Plans in the Fourth Quarter of 2021 and Nine Percentage Point Increase for the Calendar Year.

The aggregate funded ratio for U.S. state pension plans increased by an estimated 3.7 percentage points during the fourth quarter of 2021 to end the quarter at 88.3 percent, a 9.0 percentage point increase from December 2020, according to Wilshire, a diversified global financial services firm. Through its suite of Outsourced Chief Investment Officer (OCIO) and advisory services, Wilshire assists in ensuring secure and safe retirements for millions of Americans, including those participating in some of the nation's largest corporate and public retirement plans.

The quarterly change in funding resulted from a 5.3 percent increase in asset values which was partially offset by a 0.8 percent increase in liability values. The aggregate funded ratio is estimated to have increased by 3.7 and 9.0 percentage points during the fourth quarter and over the calendar year 2021, respectively.

"Since 2020, we've had only two quarters of funded ratio decrease: the first quarter of 2020 and the third quarter of 2021. This quarter's increase in funded ratio caps a third consecutive year of tremendous U.S. equity returns including multiple records during the year for the FT Wilshire 5000 IndexSM" stated Ned McGuire, Managing Director, Wilshire. "December's funded ratio is at its highest level since 2007, estimated at 95.1%, before the Great Financial Crisis," Mr. McGuire added.

A 12-month review of the funded ratio follows:

	Funded Ratio	Funded Ratio Change			
		MTD	QTD	YTD	1 Year
December 31, 2020	79.3%	2.2%	6.2%	3.6%	3.6%
January 31, 2021	79.2%	-0.1%	-0.1%	-0.1%	3.7%
February 28, 2021	80.2%	1.0%	0.9%	0.9%	8.7%
March 31, 2021	81.3%	1.1%	2.0%	2.0%	18.0%
April 30, 2021	83.9%	2.6%	2.6%	4.6%	16.7%
May 31, 2021	84.6%	0.7%	3.3%	5.3%	16.0%
June 30, 2021	85.5%	0.9%	4.2%	6.2%	15.4%
July 31, 2021	86.2%	0.7%	0.7%	6.9%	13.6%
August 31, 2021	87.3%	1.1%	1.8%	8.0%	12.5%
September 30, 2021	84.6%	-2.7%	-0.9%	5.3%	11.5%
October 31, 2021	87.2%	2.6%	2.6%	7.9%	15.4%
November 30, 2021	85.8%	-1.4%	1.2%	6.5%	8.7%
December 31, 2021	88.3%	2.5%	3.7%	9.0%	9.0%

The aggregate figures represent an estimate of the combined assets and liabilities of state pension plans included in Wilshire's 2021 state funding study. The funded ratio is based on liabilities, service cost, benefit payments and contributions in-line with Wilshire's 2021 state funding study.

The assumed asset allocation is below:

Asset Class	Allocation	Benchmark
U.S. Equity	30%	Wilshire 5000 Total Market Index
Non-U.S. Equity	18%	MSCI AC World ex U.S. (\$)
Private Equity	9%	Smoothing Average of Trailing 3-Months of Wilshire 5000 Total Market Index
Core Fixed Income	22%	Bloomberg Barclays U.S. Aggregate
High Yield Bonds	9%	Bloomberg Barclays U.S. Corporate High Yield
Real Assets	12%	Wilshire US Real Estate Securities Index

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