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Finance of Selected Public Employee Retirement Systems

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Major retirement systems covering employees of State and local governments held \$95.7 billion in cash and investment securities as of March 31, 1976. This amount represents an increase of 2.5 percent over the December 31, 1975 holdings of \$93.4 billion.

More than half, \$51.5 billion, of this sum is in corporate bonds. The continuing increase in dollar volume of corporate bonds indicates the reliance on this form of security as the primary area of investment by the publicly operated retirement systems. Other major holdings include \$20.7 billion invested in corporate stocks and \$7.3 billion in mortgages. Corporate stocks are generally reported at cost; therefore, the amounts shown do not reflect stock market fluctuations.

Holdings of Federal securities, which includes only U.S. Treasury obligations, amounted to \$2.4 billion; other market securities that are federally supported are included under "Other securities." State and local government securities totaled \$3.0 billion.

The total cash balance of \$475 million includes interest-earning time deposits as well as demand accounts; therefore, this amount does not entirely represent uninvested funds.

Detailed data for receipts and benefit and withdrawal payments have been collected beginning with

the September 30, 1974 quarter, and are presented by quarter in table 2. In the quarter ending March 31, 1976, receipts totaled \$4.5 billion. Of this total, \$1.1 billion were from employee contributions, \$2.0 billion from government (employer) contributions, and \$1.4 billion from earnings on investments. Benefit and withdrawal payments totaled \$1.8 billion. Of this total, benefit payments were \$1.6 billion, and withdrawals \$0.2 billion.

Based on findings from the 1972 Census of Governments, it was noted that the panel of 100 systems previously used was no longer as representative as desired in relation to the total assets of the more than 2,300 public employee retirement systems now in existence. As a result, a new panel of 111 systems constituting approximately 85 percent of total assets for all systems has been selected and reported for the first time for the quarter ending September 30, 1974. The proportionate share of nongovernmental securities (corporate bonds and stocks, mortgages, etc.) held by the selected funds is especially high.

The statistics in this report are based on a quarterly mail survey which covers the 111 public employee retirement systems in the United States with the largest amount of cash and security holdings. Usable replies are received each quarter from about nine-tenths of the systems canvassed. Estimates are developed for the remainder of the selected systems from the latest available data.

Table 1. Cash and Security Holdings of Major Public-Employee Retirement Systems as of March 31, 1976 and Prior Periods

(Millions of dollars)

Date	Cash and security holdings							
	Total	Cash and deposits	Federal securities	State and local government securities	Corporate bonds	Corporate stocks	Mortgages	Other securities
March 31, 1976.....	95,742	475	2,430	¹ 2,983	51,528	20,875	7,272	10,379
December 31, 1975.....	93,380	482	^r 2,268	¹ 2,484	50,925	20,212	^r 7,208	^r 8,803
September 30, 1975.....	90,875	512	2,458	¹ 1,184	50,407	19,556	6,915	9,845
June 30, 1975.....	88,955	590	2,204	788	49,670	18,961	6,821	9,921
March 31, 1975.....	85,262	795	1,541	623	48,284	18,410	6,747	8,862
December 31, 1974.....	83,078	719	1,443	595	47,404	17,974	6,775	8,186
September 30, 1974.....	79,568	777	1,380	637	45,291	17,031	6,509	7,841
June 30, 1974.....	76,891	721	1,879	661	43,431	16,830	6,656	6,713
March 31, 1974.....	73,454	577	2,538	998	40,928	16,010	6,975	6,428
December 31, 1973.....	71,621	691	2,462	1,011	40,253	15,352	6,950	4,902
September 30, 1973.....	69,813	636	2,863	1,107	39,516	14,284	6,519	4,888
June 30, 1973.....	68,850	761	2,777	1,100	39,016	13,815	6,620	4,761
March 31, 1973.....	66,050	406	2,907	1,135	37,888	13,039	6,384	4,291

^rRevised.

¹Reflects investment changes by New York State and New York City retirement systems.

Table 2. Receipts, Benefits, and Withdrawal Payments of Major Public-Employee Retirement Systems: Quarter Ended March 31, 1976 and Prior Periods

(Millions of dollars)

Date	Receipts				Benefit and withdrawal payments		
	Total	Employee contributions	Government contributions	Earnings on investments	Total	Benefits	Withdrawals
March 31, 1976.....	4,508	1,145	1,992	1,369	1,812	1,580	232
December 31, 1975.....	^r 4,427	1,092	^r 1,987	1,348	1,853	¹ 1,591	262
September 30, 1975.....	4,044	918	1,937	1,192	1,729	1,470	259
June 30, 1975.....	4,524	1,065	2,163	1,295	1,596	1,423	173
March 31, 1975.....	3,880	1,061	1,647	1,172	1,635	1,416	219
December 31, 1974.....	3,935	1,011	1,770	1,153	1,643	1,382	261
September 30, 1974.....	3,640	835	1,764	1,042	1,546	1,283	263

^rRevised.

¹Includes lump-sum retroactive cost of living increase payment made by the Pennsylvania Public School Employees' Retirement System.

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