

Summary of the Quarterly Survey of Public Pensions for 2012:Q1

EARNINGS ON INVESTMENTS, INTERNATIONAL SECURITIES, AND GOVERNMENT CONTRIBUTIONS REACHED THE HIGHEST LEVEL FOR THE FIRST QUARTER OF 2012

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2012 Quarter 1

For the 100 largest public-employee retirement systems in the country, earnings on investments totaled \$179.2 billion, showing the largest earnings on investments since the survey began collecting this data item in the third quarter of 1974. Total holdings and investments increased 5.6 percent, from \$2.6 trillion last quarter to \$2.8 trillion in the first quarter of 2012. There was a year-to-year increase of 0.7 percent from \$2.7 trillion in the first quarter of 2011. Total holdings and investments reached the second highest level since the market downturn of 2008.

Changes in Asset Classification

Effective with the first quarter of 2012, the Quarterly Survey of Public Pensions revised the survey form to implement changes in asset classification. These

changes apply to the categories designated as *corporate stocks*, *corporate bonds*, *federal government securities*, and *other securities*. Federally-sponsored agency securities are now classified under *federal government securities* instead of *corporate bonds*. Private equity, venture capital, and leveraged buy-outs are now classified under *corporate stocks* instead of *other securities*. **Due to these changes in asset classification, there are shifts in the distribution of assets from corporate bonds to federal government securities and from other securities to corporate stocks.** However, since investment decisions guide the distribution of assets, we cannot calculate the exact impact that the changes in classification had on the asset distribution for the first quarter of 2012. As such, for the above mentioned asset categories, any data comparisons between the first quarter of 2012 and prior quarters should be exercised with caution.

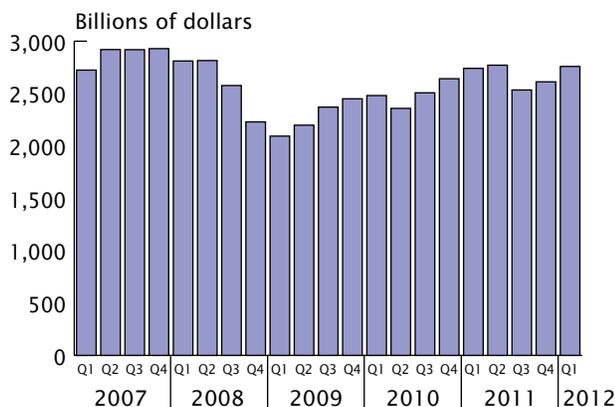
Corporate Stocks

Corporate stocks quarter-to-quarter increased 17.6 percent, from \$822.4 billion to \$967.2 billion in the first quarter of 2012. Corporate stocks year-to-year were up 5.6 percent from \$916.3 billion in the first quarter of 2011. Corporate stocks comprised more than a third (35.1 percent) of the total cash and security holdings of major public pension systems for the current quarter. Part of the increase in corporate stocks was due to the recent change in asset classification.

Corporate Bonds

Corporate bonds fell to the lowest level since the first quarter of 2006. There was a quarter-to-quarter decrease of 6.9 percent from \$399.6 billion to \$371.9 billion in the first quarter of 2012. Corporate bonds year-to-year decreased 15.0 percent from \$437.3 billion in the first quarter 2011. Corporate bonds comprised over an eighth (13.5 percent) of the total cash and security holdings of major public pension systems for the current quarter. Part of the decrease in corporate bonds was due to the recent change in asset classification.

Total Holdings and Investments at End of Quarter at Market Value



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

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

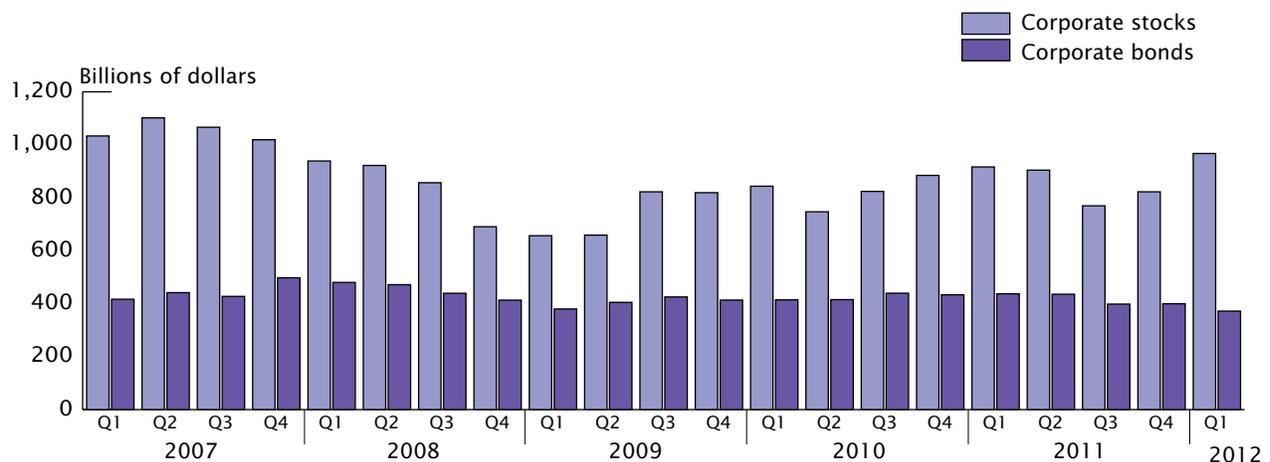
International Securities

International securities reached the highest level since the survey began collecting this data item in the third quarter of 2000. There was a quarter-to-quarter increase of 16.3 percent, from \$472.8 billion to \$550.0 billion in the first quarter of 2012. International securities year-to-year increased 7.4 percent from \$512.3 billion in the first quarter 2011. International securities comprised almost a fifth (19.9 percent) of the total cash and security holdings of major public pension systems for the current quarter. The recent changes in asset classification do **not** affect international securities.

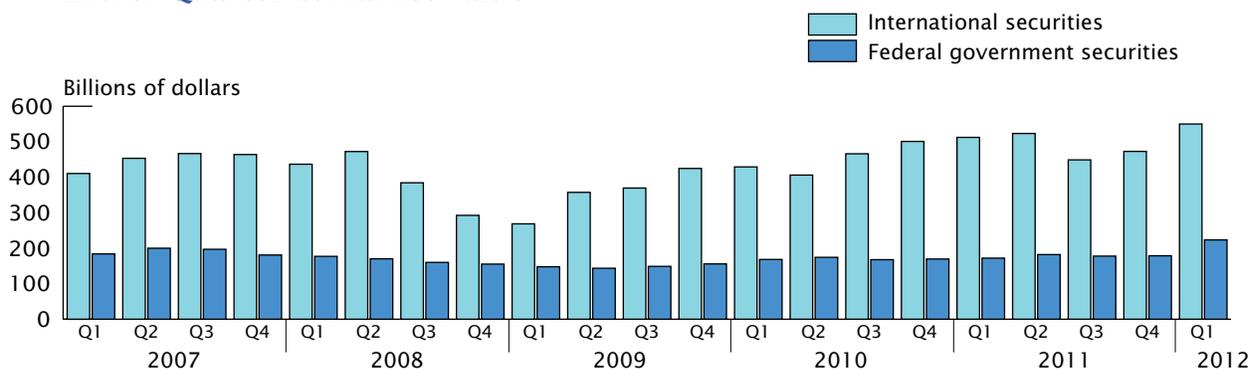
Federal Government Securities

Since the second quarter of 2001, federal government securities has reached the highest level in over 10 years with a quarter-to-quarter increase of 25.0 percent, from \$178.8 billion to \$223.5 billion in the first quarter of 2012. Federal government securities year-to-year increased 29.8 percent from \$172.1 billion in the first quarter 2011. Federal government securities comprised less than a tenth (8.1 percent) of the total cash and security holdings of major public pension systems for the current quarter. Part of the increase in federal government securities was due to the recent change in asset classification.

Corporate Stocks¹ and Corporate Bonds² at End of Quarter at Market Value



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 first quarter of 2012 and prior quarters 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 first quarter of 2012 and prior quarters should be exercised with caution.

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

Total Contributions and Payments

Government contributions reached the highest level since the survey began collecting this data item in the third quarter of 1974. There was a quarter-to-quarter increase of 12.7 percent, from \$21.5 billion to \$24.2 billion in the first quarter of 2012 and a year-to-year increase of 14.5 percent from \$21.1 billion in the first quarter of 2011. Employee contributions quarter-to-quarter increased 1.5 percent, from \$9.2 billion to \$9.3 billion in the first quarter of 2012. There was a year-to-year increase of 7.9 percent from \$8.6 billion in the first quarter of 2011. Government to employee contributions had a 2.6 to 1 ratio this quarter—government contributions comprised 72.2 percent and

employee contributions comprised 27.8 percent of total contributions. Total payments quarter-to-quarter increased 9.6 percent, from \$50.2 billion to \$55.0 billion in the first quarter of 2012. There was a year-to-year increase of 11.2 percent from \$49.5 billion in the first quarter of 2011.

Note: This summary is based on the Quarterly Survey of Public Pensions, which consists of a panel of the 100 largest public-employee retirement systems, as determined by their total cash and security holdings reported in the 2007 Census of Governments. These 100 systems comprised 89.4 percent of financial activity among such entities, based on the 2007 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.

Table 1.

Percentage Change from Prior Quarter of Cash and Investments at End of Quarter at Market Value

Quarter	Total	Corporate stocks ¹	Corporate bonds ²	Federal government securities ²	International securities	Mortgages	State/local government securities	Cash and short-term investments	Other securities ^{1, 3}
2012:1	5.6	17.6	-6.9	25.0	16.3	-8.3	7.6	1.6	-14.5
2011:4	3.2	7.0	0.0	0.7	5.4	-3.1	1.4	-14.0	2.5
2011:3	-8.8	-15.4	-8.0	-2.4	-14.3	23.0	10.9	-11.9	3.8
2011:2	1.3	-0.7	-0.7	5.7	2.2	0.4	5.3	7.2	2.7
2011:1	3.7	3.6	0.8	1.5	2.3	-3.7	-4.4	15.9	6.4
2010:4	5.4	7.3	-1.3	1.1	7.5	-6.4	-4.9	12.7	6.5
2010:3	6.3	10.3	5.8	-3.8	14.8	1.6	17.1	-2.1	-0.9
2010:2	-4.9	-11.5	0.2	3.6	-5.3	4.5	-36.8	4.6	-2.5
2010:1	1.3	3.0	0.2	8.1	1.0	5.6	8.7	2.4	-2.5
2009:4	3.3	-0.4	-2.8	4.7	14.9	-2.8	-9.5	-2.3	6.8
2009:3	7.9	24.8	5.1	3.7	3.4	3.3	-9.9	9.9	-6.6
2009:2	5.0	0.4	6.6	-2.8	33.0	-2.8	29.4	-12.8	0.6
2009:1	-6.1	-4.9	-8.1	-4.8	-8.2	-0.7	1.2	3.5	-6.8
2008:4	-13.5	-19.4	-5.9	-3.0	-23.9	-12.3	0.9	13.2	-10.2
2008:3	-8.5	-7.1	-6.9	-5.9	-18.6	-7.3	48.7	-14.8	-4.4
2008:2	0.1	-1.8	-1.8	-3.9	8.2	-31.7	-39.1	-3.0	1.5
2008:1	-4.0	-7.9	-3.5	-2.1	-5.9	-4.8	10.0	12.3	0.3
2007:4	0.3	-4.4	16.4	-8.2	-0.6	41.0	8.9	-2.3	0.3
2007:3	0.0	-3.2	-3.2	-1.5	2.9	11.3	-9.0	-18.7	9.0
2007:2	7.2	6.6	6.0	8.7	10.4	1.2	-13.3	13.9	5.6
2007:1	1.2	1.4	6.4	-10.5	1.2	-1.1	10.3	1.2	1.3

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 first quarter of 2012 and prior quarters 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 first quarter of 2012 and prior quarters should be exercised with caution.

³ Other Securities include investments held in trust by other agencies and other securities, such as: funds administered by private agencies, guaranteed investment accounts, shares of funds in governmental investment accounts, shares held in conditional sales contracts, direct loans, loans to members, mutual funds not reported elsewhere, and hedge funds. Other investments included are property held in pooled or partnership agreements, investments in REITs, property held in investments trusts, directly held real property, derivatives, guaranteed investment contracts, annuities, and life insurance.

Source: U.S. Census Bureau, Quarterly Survey of Public Pensions. For information on nonsampling errors and definitions, see <www.census.gov/govs/www/qpr.html>. Data users who create their own estimates from this table should cite the Census Bureau as the source of the original data only.