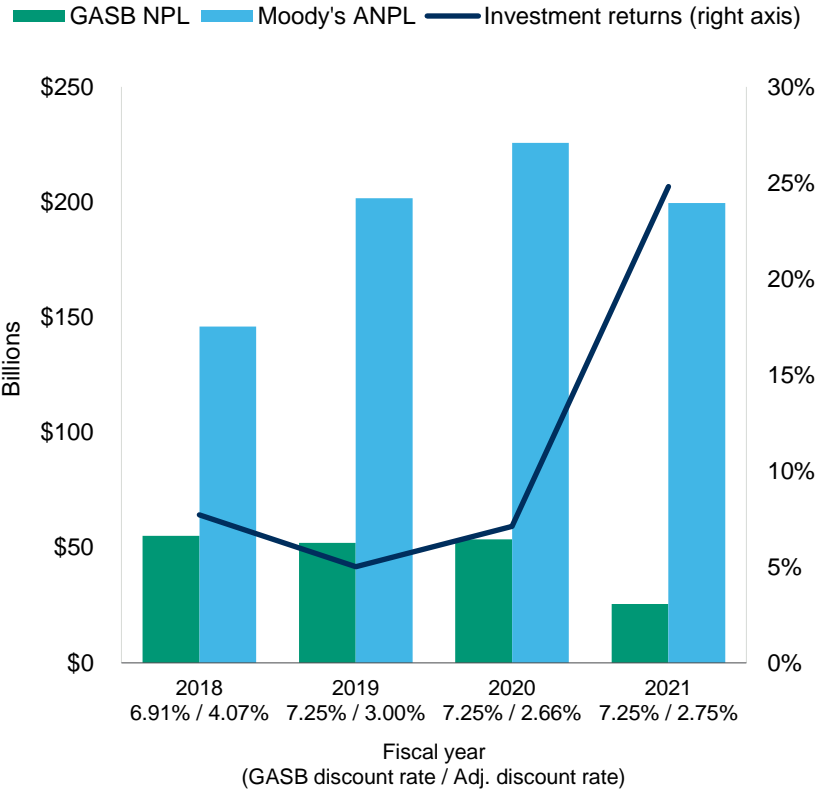




Latest developments in US state and local government public pension funding

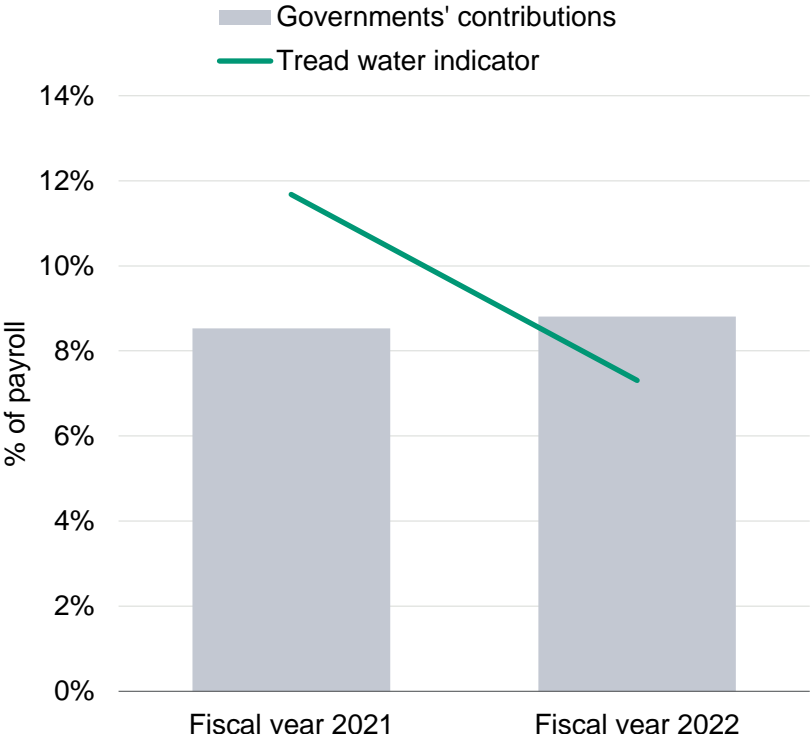
Huge investment returns in 2021 provided many governments with a material pension funding boost

Texas TRS unfunded liabilities



Sources: Teacher Retirement System of Texas, Moody's Investors Service

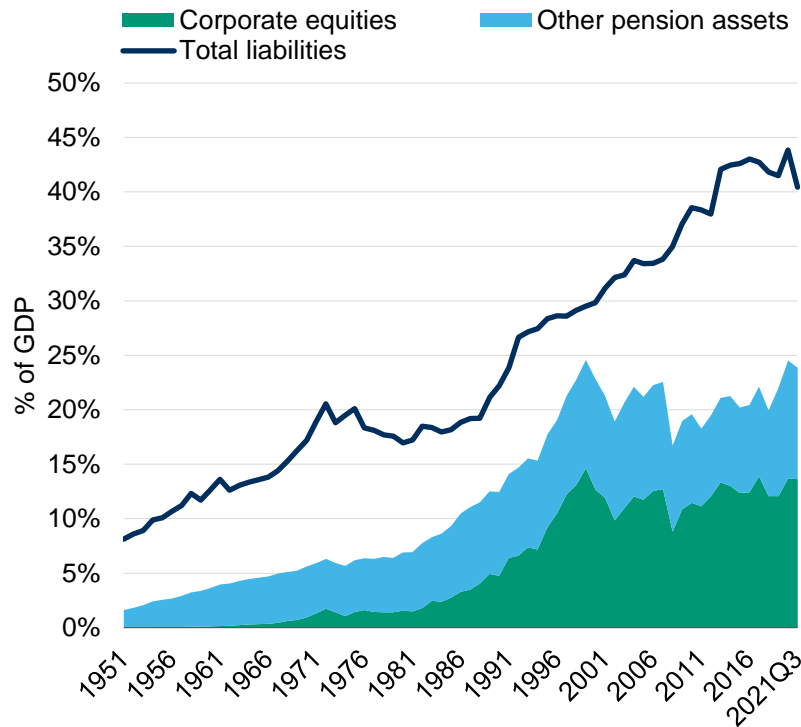
Contributions to Texas TRS vs. tread water indicator



Sources: Teacher Retirement System of Texas, Moody's Investors Service

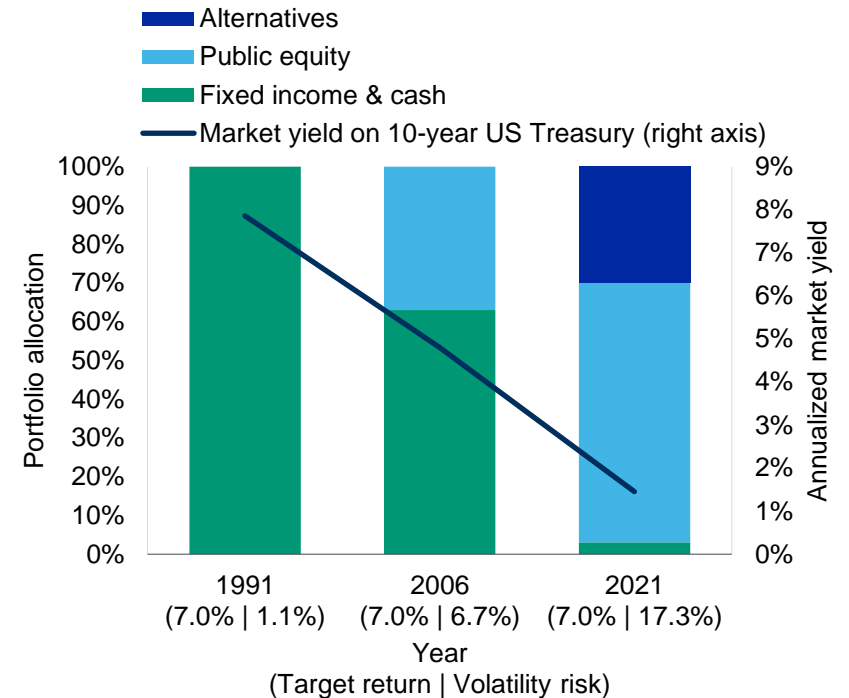
Risks to pension funding from market volatility at or near historic highs in 2022

Scale of public pension assets & liabilities to US GDP



Sources: Board of Governors of the Federal Reserve System, US Bureau of Economic Analysis

Portfolio composition and risk to support 7% returns

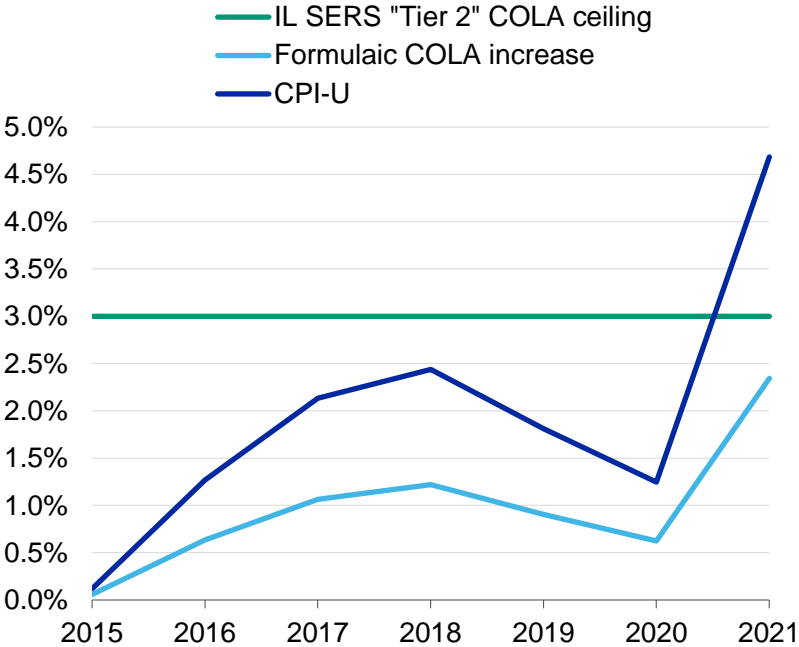


Sources: Callan, Board of Governors of the Federal Reserve System

Inflation-linked pension COLAs are rising toward their formulaic ceilings

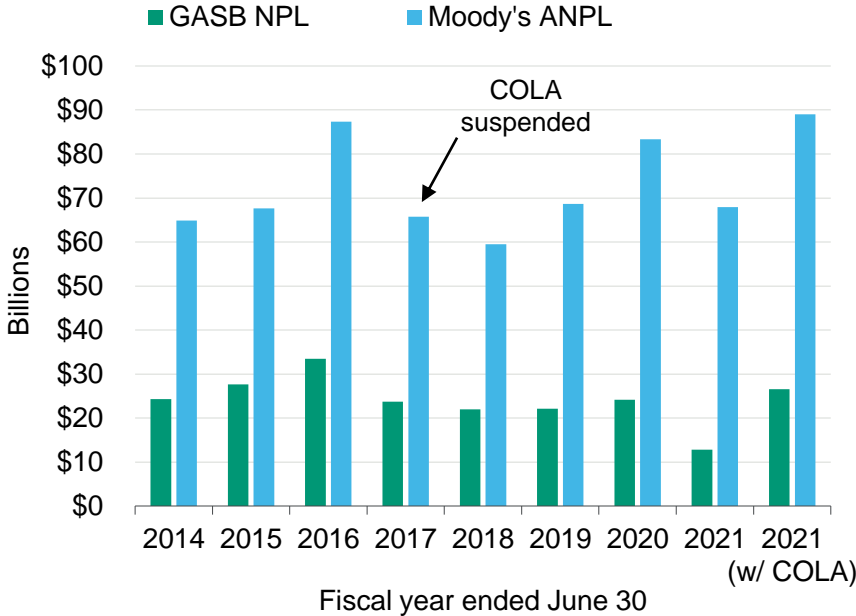
Political momentum to grant or restore retirement benefit increases

State of Illinois "Tier 1" COLAs



Sources: State Employees' Retirement System of Illinois, US Bureau of Labor Statistics, Moody's Investors Service

Ohio teachers' liability increase in event of COLA restoration



Sources: State Teachers' Retirement System of Ohio, Moody's Investors Service

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