Risk and Fragile Stability Persist as Public Pension Momentum Slows in 2025

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- Funded ratio improvements remain modest and fragile, with risks spanning the near to long term—driven by market volatility, concentrated equity exposure, persistent underfunding, overly optimistic actuarial assumptions, and mounting demographic pressures.
- Despite years of scrutiny, some governments still fail to meet minimum funding benchmarks, leaving some municipal bonds—long viewed as wealth preservation instruments—exposed to ongoing credit, market and fiscal risks.
- Equity exposure and interest rate sensitivity remain core risks for public pensions, while growing interest in cryptocurrency adds a volatile new dimension to investment management challenges.

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