



RESOLUTION

SUPPORTING POLICIES FOR COMPREHENSIVE STRESS TESTING AND RISK REPORTING FOR PUBLIC PENSIONS

WHEREAS, We are State Treasurers working in service of taxpayers as finance officials in the United States; many of whom also serve as fiduciaries of our states' public retirement plans; and,

WHEREAS, Public retirement systems play a vital role in attracting and retaining a dedicated public workforce; and we acknowledge that risk is inherent to all systems, regardless of how they are structured and funded; and,

WHEREAS, Understanding the risks associated with pension fund investments and contribution requirements is imperative to our roles as finance officers; and essential to our states' budgetary responses to market volatility and economic downturns, such as the recent downturn caused by the COVID-19 pandemic; and,

WHEREAS, As such, we believe that stress tests and other risk analyses should be based in government accounting and actuarial standards, with information tailored to the individual features of a retirement program, incorporating projections from pension plan actuaries; and,

WHEREAS The results of these analyses should be presented in a forward-looking manner, and relative to state budget resources, to provide finance officials and policymakers with information necessary for planning and decision-making that strengthens and preserves retirement system funding as well as states' fiscal health.

NOW, THEREFORE BE IT RESOLVED, The National Association of State Treasurers recommends that states perform routine and transparent risk reporting for their public retirement systems, which includes stress test and scenario analysis, and provides critical investment and contribution risk information to all stakeholders, but plan sponsors in particular, structured in a way that presents clear information on potential budgetary impacts.

Approved this 15th day of December 2020, by
the National Association of State Treasurers