



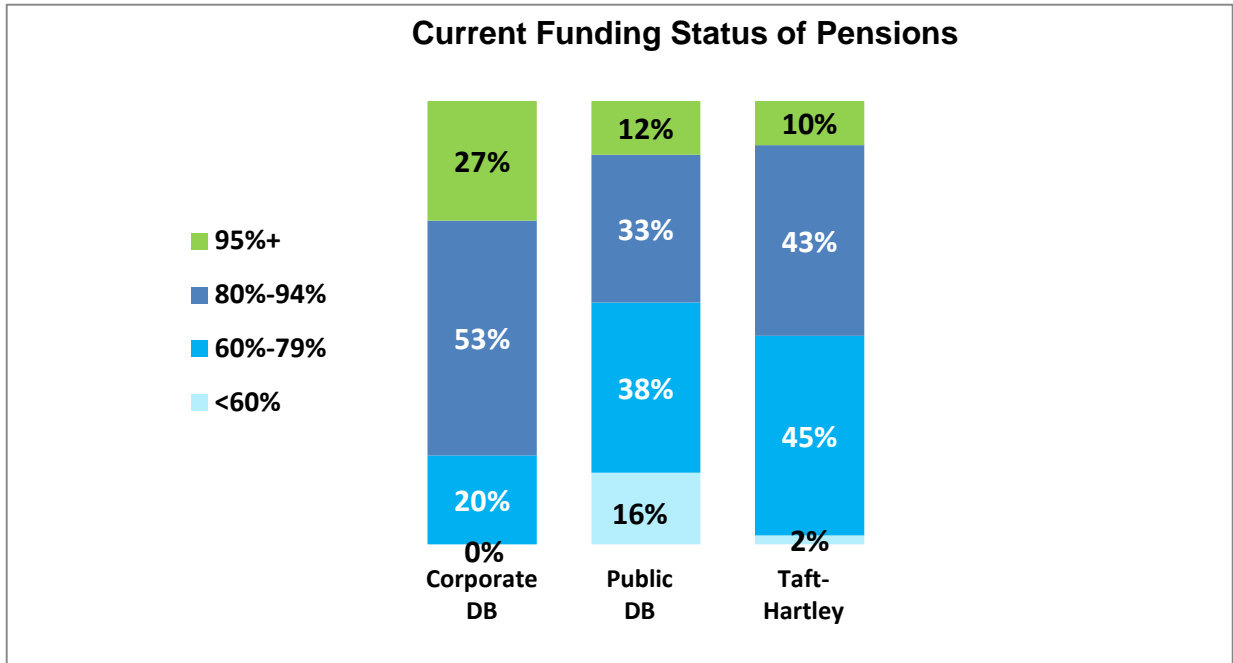
## **Cogent Research Report Reveals Extent of Public Pension Funding Crisis**

**Cambridge, Mass., (February 23, 2011)** – As more and more Baby Boomers are hitting retirement age, only one in five (20%) pension plans report that they are prepared to meet their financial obligations to plan participants. This problem is even more acute among the largest pensions, and especially among union and public sector plans where only 10% and 12% respectively estimate their current funding status to be 95% or higher. These and other findings are included in a new report, *Institutional Investor Brandscape™*, published earlier this month by Cogent Research. The report which examines in detail the attitudes and behaviors of investors, including asset manager preferences, is based on a survey among a nationally representative sample of 590 institutions with a minimum of \$20 million in assets.

The findings show that a majority (54%) of public pensions report their current funding status to be below 80%, including 16% that are below 60%. “These are very sobering numbers,” said the report author and Cogent Research Principal Christy White. “Half of all public pensions are substantially underfunded, which means these institutions face several extremely difficult choices; seek additional funding from the general treasury (i.e. tax payers), restructure participation rules or payments to participants, or go broke.”

By contrast, corporate pensions are in better shape. None reported a funding status below 60%, one in four (27%) are funded at 95% or more, and over half (53%) are currently funded at between 80% and 94%. According to Ms. White, these institutions “bit the bullet, and have done much of the hard work necessary to avoid underfunded status, no doubt at the behest of shareholders and investors.”

*Continued*



Source: Cogent Research Institutional Investor Brandscape™

Cogent Principal John Meunier believes the situation across all types of pensions may be even worse than these current survey results suggest. “Underlying current funding status estimates are performance projections that for many institutions may be overly optimistic. Course corrections will be painful to say the least, and the kind of leadership and shared sacrifice required to make the necessary changes to pensions are in short supply.

#### About Cogent Research

Cogent Research helps clients gain clarity, obtain perspective, and formulate direction on critical business issues. Founded in 1996, Cogent provides custom research, syndicated research products, and evidence-based consulting to leading organizations in the financial services, life sciences, and consumer goods industries. Through quality research, advanced analytics, and deep industry knowledge, Cogent Research delivers data-driven solutions and strategies that enable clients to better understand customers, define products, and shape market opportunities in order to increase revenues and grow the value of their products and brands.

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