The Liabilities to Assets ratio:

$$\frac{\text{Total Liabilities}}{\text{Liquid Assets}}$$

The Liability to Assets ratio measures how much a pool owes in relation to its assets, with a slight variation. For this ratio, we want to look at "liquid" assets, or those investments that can be sold relatively quickly with little to no loss in value. This benchmark can provide a rough estimate of financial implications if liquidation of the pool becomes necessary for any reason.

Typical pool investments considered liquid include cash, treasury bills, money market instruments, government and municipal bonds, etc. These investments are commonly found under Current Assets on a pool's Balance Sheet.

For example, if a pool has $8 million in total liabilities with $15 million in liquid assets, the Liabilities to Asset ratio is 53 percent. There is no measure of a typical pooling range for this ratio, which is one of the reasons AGRiP is working on the FBI. A pool with a high ratio (realizing there's no common definition of "high") might focus attention on reserve adequacy, as well as proper valuation, mix, and liquidity of assets to assure it will be financially strong enough to meet its obligations.

Any benchmark presents perspective based upon only a snapshot in time, and the Liabilities to Asset ratio for a pool could change substantially if there were an extreme shift in direction of global or national market exchanges. As always, long-term averages and consistent monitoring will reveal greater meaning than pegging pool performance on any one ratio at any singular point in time.