FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION

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Market woes hit Florida's government pension plans

By The News Service of Florida, WFSU, January 11, 2023

Government pension plans in Florida and other states took a hit in 2022, as a downturn in financial markets caused investment losses, new reports show. The reports show that the Florida pension system had investment losses of about 6.2 percent during the fiscal year that ended June 30 — similar to pension-system losses across the country. The state of pensions at the end of 2022 was "fragile." The 2022 losses, however, came after major investment gains in 2021, including a more than 29 percent gain in Florida. The Department of Management Services report pointed to a long-term approach by the State Board of Administration, which manages investments in the Florida Retirement System and other state programs. "Since the benefit payments are not all immediately payable, the SBA (State Board of Administration) can maintain a long-term investment strategy," the report said. "This approach, along with a well-diversified investment portfolio, helps weather periods of volatility in the investment markets." Florida's pension system had enough money to meet about 83 percent of its projected liabilities — an actuarial ratio that is closely watched. The District of Columbia and 14 other states had better ratios than Florida, while the remaining states had ratios as low as Kentucky's 47.3 percent. The report estimated that state and local retirement systems across the country were funded at 77.3 percent last year, down from 83.9 percent the previous year.

Using anti-woke nonsense to stir pension fears | Editorial

Editorial, South Florida Sun-Sentinel, January 20, 2023

There was a time when the Florida Retirement System, which covers pension benefits for state employees as well as the workforces of hundreds of other governmental bodies including counties, cities and special districts, was considered one of the best in the nation. Lately, however, we have seen headlines blaring about massive shortfalls and claims of mismanagement — claims that are helping Gov. Ron DeSantis and other top conservative leaders spin a narrative of state bureaucrats led astray by ideological crusades and more than a million Floridians at risk of losing their long-term financial security. For the most part, it's nonsense. While it's true that Florida currently owes more in pension benefits than it can expect in revenue and return on investments, nobody's pensions are in jeopardy due to wild-eyed, reckless investing that ignores returns in favor of efforts to remake the world. The long-term health of a pension system relies on many factors — how much current employees are expected to contribute, how much the governmental agencies they work for or are retired from pay into the system, and how many retirees are drawing benefits. Investment strategy plays a big role, with roughly 60% of Florida retirement payouts coming from investment funds. But it's not the only determining factor and it's logical to expect investment returns to wobble during periods of intense economic upheaval. The ultimate responsibility for the health of Florida's investment funding rests in the hands of a three-member trustee board that includes all but the agriculture commissioner. If Florida's main investments really were on fire, you would think the top executives would at least keep to the Cabinet's decades-long schedule of monthly meetings to monitor the progress of the blaze. DeSantis has yet to come up with any credible ESG threat to Florida's long-term fiscal health, or the retirement security of close to 1 million Floridians. In the meantime, he might be forcing state investment managers away from investing in funds that offer better-than-average returns. That is a losing proposition for this state, even if most Florida residents do not connect the motive behind the madness.

[OPINION | Is Daniel Davis opening Pandora's Box?]

By A.G. Gancarski, JAXTDY, January 29, 2023

The race for Jacksonville mayor has thus far largely been most memorable for attack ads, but last week saw Republican Daniel Davis issue the most audacious proposal of the campaign at the police union building while he was endorsed by the new sheriff. Barely half a decade after Mayor Lenny Curry's pension reform proposal became reality, with billions of dollars of unfunded pension liability temporarily defrayed with the promise of being paid off by a half-penny sales tax from 2030, when the Better Jacksonville Plan is finally paid off, to 2060, when many of us will likely have passed away, Davis is floating another revision. To quote Times-Union reporter David Bauerlein: "Davis did not rule out bringing back pensions as a retirement benefit. The city stopped providing pensions to all city employees hired after Oct. 1, 2017, and replaced that benefit with 401(k) style retirement accounts."

[Gov. DeSantis unveils $114.8B budget plan]

By Gray Rohrer, Florida Politics, February 1, 2023

Gov. Ron DeSantis is releasing a $114.8 billion spending proposal for next fiscal year, a $3.8 billion increase from the current year, which he said reflects the economic success of Florida despite the headwinds of the COVID-19 pandemic and rampant inflation. The plan also includes $700 million for state worker pay increases, including a 5% across the board pay hike for most employees and a 10% jump for so-called "hard to hire" positions. State law enforcement officials would see thousands of dollars in raises as well on top of the across the board pay bump. DeSantis also wants to continue the $5,000 recruitment bonus for new police officers throughout the state, and raise the starting salary for prison guards to $23 per hour. The employer contribution to state worker pension plans is increased by 3% and pension payouts are increased by 4% in the plan to account for inflation.

[Florida pension-fund managers focus on getting that money — even from firms that care about climate crisis and child labor]

By Jim Turner, Orlando Weekly, January 30, 2023

As Gov. Ron DeSantis and other Florida Republican leaders regularly criticize "environmental, social and governance" investing, state pension-fund managers maintain some investments in firms that could draw fire for being overly progressive. Lamar Taylor, interim executive director of the State Board of Administration, told members of the House Constitutional Rights, Rule of Law & Government Operations Subcommittee this week that managers are expected to determine the best returns on investments. "Our expectation is when they make those decisions, they're making them for the best economic interest of our beneficiaries," said Taylor, whose agency oversees investments for the Florida Retirement System and other state programs. DeSantis and the Cabinet last week made changes that directed investment decisions to be based only on "pecuniary factors." Under the directive, pecuniary factors can't include "social, political, or ideological interests." Republican leaders in Florida and other states have targeted companies that include in investment strategies environmental, social, and governance standards known as ESG. Such strategies, for example, can take into account climate change, racial inequality and supply-chain labor standards.

[Florida Senate prez Kathleen Passidomo announces 'Live Local Act' to expand workforce housing]

By Jim Turner, Orlando Weekly, January 29, 2023

In a top priority of Senate President Kathleen Passidomo, a proposal filed Thursday seeks to address housing affordability and make it possible for workers to live near where they are employed. The wide-ranging proposal (SB 102), dubbed the "Live Local Act," includes providing incentives for private investment in affordable housing, offering flexible housing regulations that encourage mixed-use development in struggling commercial areas and preventing local rent controls. Passidomo, R-Naples, told reporters that a goal is to change the perception of workforce housing, which often draws local opposition. Passidomo said it's more than people such as firefighters, police and nurses who struggle to find housing. She pointed to young lawyers and recent college graduates working at banks who might make $50,000 to $60,000 a year. Gov. Ron DeSantis said Thursday he anticipates being able to support the Senate proposal.

[Trump vs. DeSantis Death Match? Bring It On!]

By Joan Walsh, The Nation, January 19, 2023

Florida Governor Ron DeSantis committed to fight “woke ideology” at his inauguration. It’s part of his crusade against “woke capitalism,” by which he means companies that see LGBT people as part of their market (Disney) or make noises about building environmental concerns into their investment strategies (BlackRock), and pharmacy chains that peddle what he now insists is a dangerous Covid vaccine (CVS and Walgreens). On Wednesday, The Washington Post reported that DeSantis’s inaugural committee took money from lobbyists who work for those very same companies.

[The financial market's downturn hits Florida's government pension plans]

By Jim Saunders, WUSF, January 12, 2023

Government pension plans in Florida and other states took a hit in 2022, as a downturn in financial markets caused investment losses, new reports show. The reports, released by the Florida Department of Management Services and the non-profit Equable Institute, show that the Florida pension system had investment losses of about 6.2 percent during the fiscal year that ended June 30 — similar to pension-system losses across the country. The New York-based Equable, which focuses on public retirement-system issues, said in a report issued that the state of pensions at the end of 2022 was “fragile.” The 2022 losses, however, came after major investment gains in 2021, including a more than 29 percent gain in Florida. The Department of Management Services report, issued Dec. 22, pointed to a long-term approach by the State Board of Administration, which manages investments in the Florida Retirement System and other state programs. Data in the reports differ somewhat, in part because of differences in timing. But both said Florida’s pension system had enough money to meet about 83 percent of its projected liabilities — an actuarial ratio that is closely watched.

[Florida CFO bans ESG investing from state deferred compensation plan]

By Rob Kozlowski, P&I, January 24, 2023

Florida Chief Financial Officer Jimmy Patronis issued a directive barring managers of investment options in the $5.1 billion Florida Deferred Compensation Plan, Tallahassee, from ESG investing. The directive posted on his website said he directed the state's Division of Deferred Compensation to "order all participating asset managers to remove ESG investment funds as options for participants in the Deferred Compensation Plan." It is the Florida official's latest salvo in his war of words against what he has termed "woke" investing. He is one of three trustees of the $230.3 billion Florida State Board of Administration along with Florida Gov. Ron DeSantis and Attorney General Allison Moody. Mr. Patronis does not have any investment authority over the State Board of Administration, which oversees the investment management of state assets including the $181.5 billion Florida Retirement System. The voluntary deferred compensation plan falls under the auspices of the state's Department of Financial Services, which Mr. Patronis oversees.

[With Florida's retirement system still struggling, DeSantis, Cabinet remain focused on failing investment strategy]

By Brian Burgess, The Capitolist, January 18, 2023

A report to Gov. Ron DeSantis and the Florida Cabinet showed the Florida Retirement System (FRS) is already trailing its investment goals this year by 1.83 percentage points. DeSantis and the Cabinet approved a rule banning ideological concerns, such as environmental, social and governmental (ESG) factors, from consideration as part of the state's investment strategy. Despite seeing solid investment performance over the past two decades, FRS has an unfunded liability of $35 billion, which has only grown over that same time span. Experts warn that investment strategies won't save the retirement system from insolvency, even if Florida can exceed its investment return goals. Tuesday's Cabinet meeting focused solely on investment strategy, but experts warn that investment returns won't be enough to save FRS from insolvency without major structural changes.

U.S. corporate pension funding holds steady at 95% despite market volatility

By Rob Kozlowski, P&I, January 3, 2023

U.S. corporate pension plan funding ratios remained steady in 2022 despite significant market volatility, according to a new analysis from Willis Towers Watson. The analysis, which examined pension plan data from 356 Fortune 1000 companies, estimated their aggregate funding ratio to be 95% at the end of 2022, the same as a year earlier. According to the analysis, Willis Towers Watson estimated that the pension plans finished 2022 with $1.22 trillion in assets, down 26% from $1.65 trillion a year earlier, but pension liabilities also declined 26%, down to $1.28 trillion at the end of 2022 from $1.73 trillion a year earlier. The fall in liabilities was due to rising interest rates, which helped offset asset losses coming from poor market returns.

State pension plan contributions hit 20-year high

By Caitlin Devitt, The Bond Buyer, January 3, 2023

State and local government contributions to state pension plans in 2021 reached the highest level in 20 years, continuing a trend that began in the wake of the Great Recession, according to the National Association of State Retirement Administrators. The contribution levels come on the heels of a strong market performance in 2021 and as state and local governments were awash in federal stimulus cash. But the high levels continue a trend that began several years ago as states implemented pension plan reforms, said Keith Brainard, NASRA's research director.

Turkey raises salaries of civil servants, pensions by 25%

IANS, Punjab News Express, January 4, 2023

Turkish President Erdogan announced that the government will introduce a 25-per cent rise in the salaries of civil servants and pensions to ease the burden of rising living costs. The wage and pension increase was in line with the year-end inflation rate, emphasizing that the inflation will continue to fall in 2023, reports Xinhua news agency. Inflation in Turkey hit nearly 85.5 per cent, a 24-year high, in October 2022 after rising for 17 months, before dropping slightly in November to 84.39. The government recently hiked the minimum wage and eliminated a retirement age requirement that would allow more than 2 million Turkish workers to retire immediately.

Calling the Shots for $4 Trillion at US Pensions

By Neil Weinberg, Bloomberg, January 3, 2023

Public-employee plans are underfunded, chasing higher returns and underperforming international peers overseen by professionals. Canada selects directors to oversee its public pension funds for their financial expertise and pays some six-figure salaries. In the Netherlands, board members must obtain approval from the central bank. In the

US, a lineup of unpaid union-backed reps, retirees and political appointees are the vanguards of a $4 trillion slice of the economy that looks after the nation's retired public servants. They're proving to be no match for a system that's exploded in size and complexity. The disparity is dragging on state and local finances and — together with headwinds that include a growing ratio of retirees to workers and lenient accounting standards — gobbling up an increasing share of government budgets. Precisely how much it's costing Americans is hard to say. But a Bloomberg News analysis of data from CEM Benchmarking, which tracks industry performance, indicates that the price tag over the past decade could run into the hundreds of billions of dollars. In the 10 years through 2015, a group of large Canadian funds delivered excess returns that beat a passive portfolio designed to match their liabilities by 2.2% a year. That return was 0.7% more than US counterparts earned for taking greater risk above a similar index — equivalent to $280 billion in missed opportunities over a decade. Multiple other studies have found that funds managed by boards stacked with government officials and elected representatives of public employees underperform. Public fund directors are selected more for group ties than financial expertise. Serving on a public pension board is a major commitment. Most funds convene monthly or quarterly, with meetings lasting a few hours to a few days each. But the lack of national standards means there's no one entity keeping an eye on who's populating boards. While there are accounting standards, they allow plans to make more aggressive assumptions about how well they're funded than in the private sector.

U.S. pension spend generated US$1.3 trillion in economic output in 2020: report

By: Staff, Benefits Canada, January 9, 2023

Retiree spending of public and private sector pension benefits generated US$1.3 trillion in total economic output in the U.S. in 2020, supporting nearly 6.8 million jobs during the onset of the coronavirus pandemic, according to a new report by the National Institute on Retirement Security. It also found $612.6 billion in pension benefits were paid to 24.6 million retired Americans in 2020. This included $334.8 billion paid to 11.5 million retired employees of state and local government and their beneficiaries, $90.3 billion paid to 2.7 million federal government beneficiaries and $187.4 billion paid to 10.4 million private sector beneficiaries. The report also found pension expenditures have large multiplier effects. Each dollar paid out in pension benefits supported $2.10 in total economic output nationally and each taxpayer dollar contributed to state and local pensions supported $7.90 in total output nationally. The largest employment impacts occurred in the food services, health-care and retail trade sectors.

Illinois Families Spend 3rd-Highest in Nation on Government Pensions

By Patrick Andriesen, Illinois Policy, January 5, 2022

Each Illinois household spent $2,769 funding government pensions in 2021, paying the third most for government workers' retirements in the U.S. despite leading the nation in pension debt. State and local pensions cost Illinois homeowners $808 a year in 2002. Since then, household pension payments have grown by 13% each year, when adjusted for inflation, as lawmakers disregarded calls for constitutional pension reform. The price tag for neglecting the pension problem for nearly two decades: $26,533 per household. That's $10,785 more than the average American household paid for pensions during the past 19 years. Illinois spends the third highest amount – with Connecticut #1 and California #2. At the other end, there are seven states where the spending is below $600 – including Florida at $559 per household (ranked #46).

Public pension plans tilt toward alternatives

By UBS Editorial Team, USB, January 12, 2023

Over the last two decades, state and local government pension funds significantly increased allocations to alternative investments (from 9% in 2001 to 34% in 2022) while reducing exposure to more traditional asset classes like public equities and fixed income. The tilt toward alternatives has shown broad participation among public pension plans over the last two decades. Per estimates from the Center for Retirement Research at Boston

College, more than 80 percent of state and local government pension plans allocated 20 percent or more of their assets to alternative investments in 2022. That is a sharp increase from 2001, when only about 10 percent of public pension funds had a similar level of allocation. The key rationale, often cited by pension fund managers, is the attractive risk-return profile of alternatives. They offer diversification benefits, owing to their lower correlation with traditional asset classes. While the jury may be out on a precise estimate of the benefit alternative investments provide, one thing is clear: They will play a much more significant role in determining overall public pension portfolio characteristics and performance in the years to come, given their rising allocations. While states have shown resilience in the face of current market volatility, pension dynamics will continue to be an important driver of their long-term credit quality.

State, municipal pension plans have wider funding deficit

By Larry Rothman, P&I, January 12, 2023

State and local pension funds had a $1.4 trillion funding deficit at the end of 2022, according to Equable Institute. Over the past year, assets fell by 4.5% to $4.9 trillion, while liabilities increased 3.7% to $6.4 trillion. The funding gap, which was just under $1 trillion at the end of 2021, jumped to $1.4 trillion, in line with previous years. The funding ratio was 77.3%, down from 2021's 83.9%. From 2017 to 2021, it ranged from 71% to 73%. Over the last 20 years, pension assets grew to $4.9 trillion from $1.9 trillion. During that span, liabilities have gone to $6.4 trillion from $2.4 trillion, and the funding gap has widened by $1 trillion to $1.4 trillion. The funding ratio decreased by 433 basis points to 77.3%. State and local pension funds have been decreasing allocations to public equities and fixed income in favor of alternatives. In 2021 (the latest data available from the Equable Institute), they had 48% invested in U.S. and global equities and another 25% in fixed income and cash, down from 57% and 33%, respectively, in 2002. Over that time, real estate and commodities went to 13% from 6% and private equity nearly quadrupled to 11% from 3%.

The Value of Corporate Pension Assets Fell Dramatically. Here's Why That Doesn't Matter.

By Alicia McElhaney, Institutional Investor, January 12, 2023

Corporate pension funds had a boring year — if the only measure you look at is funded status. After all, according to WTW data published recently, funded status — the amount a pension has on hand to meet obligations — stayed flat year-over-year at 95 percent. Goldman Sachs data on corporate plans, meanwhile, estimates that funded status increased, from 98 percent in 2021 to 100 percent in 2022. But these numbers obfuscate the level of volatility that corporate plan investors faced in 2022. Investment returns are estimated to have averaged –19 percent in 2022. Total corporate pension plan assets declined by 26 percent to $1.22 trillion for the year. Given the stability of funding, as well as the threat of an impending recession, more pension plans are now considering risk transfer transactions. These allow corporations to move their plans to third-parties, most often insurance companies. Under these arrangements, the insurance company manages the investments, takes on the risks of the portfolio, and is responsible for paying beneficiaries. For some corporate pension plans, the task in 2023 will be to reconsider asset allocation, rather than to offload risk entirely. Aon is advising some clients to diversify their fixed-income away from primarily holding Treasuries and investment-grade corporate bonds. Mortgages, insurance-linked securities, real estate debt, and private credit are all attractive options.

North Korea's Cryptocurrency Craze and its Impact on U.S. Policy

By Saher Naumaan, Guest Contributor, Council on Foreign Relations, January 12, 2023

In 2022 alone, North Korea, or the Democratic People's Republic of Korea (DPRK), has reportedly stolen over $1 billion in cryptocurrency from organizations in the cryptocurrency sector via one of its primary hacking outfits—Lazarus Group. This is up from $400 million in 2021, and these heists account for a third of all losses from cyber intrusions in the cryptocurrency sector this year. Further upheaval in the cryptocurrency sector has already caused financial authorities to increase calls for regulation. Bankruptcy and scandals involving multiple companies are tanking the industry and the value of cryptocurrencies. Many of these companies are based in the United States, making U.S. regulation especially consequential. The country's central role in both the cryptocurrency sector and efforts to regulate it—along with the sector's current descent into chaos—make this the opportune moment to focus U.S. government policy initiatives on cryptocurrency companies and products. Lazarus' cryptocurrency theft dates back to at least 2017, and by the end of 2018, the group was responsible for over half of total losses from thefts of cryptocurrency exchanges. Coupled with the unregulated and vulnerable nature of decentralized finance (DeFi) protocols and organizations, the cryptocurrency sector is a high-value target. The widespread vulnerabilities in smart contracts governing DeFi assets are increasingly being exploited, and recent collapses of cryptocurrency exchanges such as FTX have reaffirmed the instability of the sector.

Key Actuarial Changes for Public Pension Plans in 2023

By Noah Zuss, Plan Sponsor, January 17, 2023

Funding valuation reports for public pension plans will have to include additional information following several actuarial changes approved by the Actuarial Standard Board, part of the American Academy of Actuaries, in the finalized Actuarial Standards of Practice No. 4., Measuring Pension Obligations and Determining Pension Plan Costs or Contributions. The changed standards are effective for any actuarial report that meets the following criteria, according to the ASOP 4: The actuarial report is issued on or after February 15, 2023; and, The measurement date in the actuarial report is on or after February 15, 2023. The changes require public pension plans in the valuation report to include an assessment of the portfolio investment risk with a low default risk obligation measure. This will disclose a reasonable actuarially determined contribution and additional analysis of how the plan's funded status changed from the prior measurement, she says. Outlined four changes: "Does the report include this new liability measurement using the low default risk obligation measure? Secondly, does the report include splitting the investment gain or loss from noninvestment gains or losses? The third change requires the report disclose a reasonable actuarially determined contribution." "The fourth is: Does the report talk about the implications of the plan's funding policy on the expected levels of future contributions and funded status? Those are the four things. That's our checklist as we look through our valuation reports to make sure that those four things are in place for public pension plans." The changed standards are driving at improved transparency, disclosures and risk assessments within public pension plans' diversified asset portfolios, says Todd Tauzer, national public sector retirement practice leader at Segal.

State, municipal pension funding dropped 6% in 2022: New approaches are needed

By Scott Wooldridge, ALM Benefit Pro, January 24, 2023

A new review found that 2022 was a volatile year for managing pension funds. Economic upheaval, uncertainty due to the pandemic, a war in Europe—it all added up to poor investment returns and in some cases, a reversal of gains seen in 2021. The analysis is spelled out in a research brief called "The State of Pensions 2022 Year End Update," published by Equable Institute, a bipartisan think tank. The analysis estimated that U.S. state and municipal retirement systems saw their aggregate funding ratio fall to 77.3% at the end of 2022, down from the 83.9% funded ratio during fiscal year 2021. Overall, the study said, there are a number of warning signs about the health of pension plans, including: Most major public market indices are effectively flat over the last six months. Private equity returns get reported on a lag of up to six months, and with each update in 2022 values were coming down — which means 2022 numbers were including overstated private equity asset valuations and 2023 numbers are going to incorporate those losses. The Federal Reserve is signaling more interest rate hikes with persisting inflation, war in Ukraine continues, and the end of China's Zero-Covid policy will create near-term pressures on global commerce in 2023. The analysis found that for 2022, the top five states for healthiest funded ratio were: District of Columbia (with a funded ration of 103.4%), Washington (102.9%), South Dakota (100%), Tennessee (99.5%), Nebraska (96.1%). The bottom five states were: Kentucky (47.3%), Illinois (50%), New Jersey (50.1%), Connecticut (51.5%), South Carolina (57.8%).

JPM: Reopen Corporate DB Plans or Stop Closing and Freezing Them

By Larry Light, Chief Investment Officer, January 27, 2023

Why should corporate employers keep those fuddy-duddy old defined benefit pension plans around when they can simply offer defined contributions that transfer risks to workers and don't have as many regulatory burdens? Because DB plans today are a better deal for plan sponsors, according to a study by Jared Gross, head of institutional portfolio strategy, and Michael Buchenholz, head of U.S. pension strategy, at J.P. Morgan Asset Management. They declare that "the pension industry appears to have developed a collective blind spot" about DB plans, believing they offer little value. This blind spot, they say, is rooted in "dated assumptions, such as the notion that DB plans represent a disposable, noncore business that sponsors would be better off without." DB plans have long since recovered from the disaster they suffered from the global financial crisis of 2008 and 20090, when their ability to meet obligations, called funded status, tumbled. Despite a punishing time for investments last year, the average U.S. corporate pension funded status stood at 106.3% as of early November 2022, by the reckoning of MetLife Investment Management. This has produced a whole host of advantages to sponsors and beneficiaries alike, Gross and Buchenholz contend. The upshot is that DB plans closed to new hires should be reopened, in their view.

Inadvertent error in SECURE 2.0 legislation prevents 401(k) catch-up contributions

By Margarida Correia, P&I, January 27, 2023

As lawmakers rushed to pass the massive retirement savings legislation known as SECURE 2.0, they inadvertently deleted a paragraph that throws into question the ability of participants in 401(k) plans to make catch-up contributions. The intention of SECURE 2.0 was to require that catch-up contributions in workplace retirement plans be Roth contributions except for individuals earning less than $145,000, who would be allowed to make pretax contributions. By inadvertently deleting a subparagraph in Section 603 of the legislation, lawmakers eliminated the ability for anyone to make any catch-up contributions, whether Roth or pretax, beginning in 2024. A statutory fix will be needed to ensure that individuals can make catch-up contributions next year.

Alaska public worker shortage fuels renewed interest in pension plan

By Iris Samuels, Anchorage Daily News, January 29, 2023

Amid a deepening crisis in recruiting and keeping state workers, the Alaska Legislature is again considering measures to recreate a pension plan for public employees, but disagreements on the type and extent of the plan mean a long path ahead. A deficit of billions of dollars led lawmakers in 2006 to do away with the state's defined benefits plans, which gave state employees a dependable pension not reliant on the ups and downs of the stock market, and instead offered workers a 401(k)-style option that allows them to invest in the stock market but gives less stability — and less of an incentive for workers to remain in Alaska. Since then, some lawmakers, union leaders and worker advocates have raised alarm about the loss in Alaska's ability to recruit new employees and keep existing workers, who are sometimes lured by more generous benefits plans to other states. In the 2022 legislative session, a bill to recreate a defined benefits pension plan for public safety workers came close to passage but stalled in a Senate committee. This year, the bipartisan Senate majority has named improving recruitment and retention of state employees as one of their top priorities.