FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION

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28% of Americans Stare Down Retirement with Nothing Saved

By Komal Banchhor, Market Realist, March 18, 2024
As the cost of living continues to rise, retirement savings for many Americans are virtually nonexistent, painting a grim picture of their golden years. According to a recent survey by GoBankingRates, 28% of Americans have absolutely nothing saved for retirement. This alarming statistic is coupled with the revelation that 39% are not contributing to any retirement fund, while another 30% harbor doubts about ever being able to retire comfortably. Data from the Survey of Consumer Finances highlights that nearly half of American households lack any form of retirement savings. This encompasses various accounts such as individual retirement accounts (IRAs), employer-sponsored accounts like 401(k)s, 403(b)s, and pensions, among others. Moreover, the decline in traditional pension plans further exacerbates the retirement savings crisis. While half of working households aged 50 to 60 had defined benefit plans in 1989, this number dwindled to a mere quarter by 2022. As a result, individuals are becoming increasingly reliant on personal savings to fund their retirement.

Retirement Is Broken — Is a 'Pension Renaissance' Coming to Save Us?

By Mary Ellen Cagnassola and Editor: Julia Glum, Money, March 18, 2024
As millions of Americans struggle to put away enough money for retirement, economists, lawmakers and workers alike are advocating for the revival of a retirement-planning relic. A movement for a return to defined benefit plans, aka pensions, is garnering support amid anxiety over the country's looming retirement crisis. Though these benefits have largely disappeared from the private sector over the last four decades in favor of defined contribution plans like 401(k)s, recent survey data shows the advantages of pensions are one thing Americans seem to agree on. In poll results released in February by the **National Institute on Retirement Security, or NIRS**, more than 80% of respondents said all workers should have a pension to protect their financial independence and self-reliance in retirement. More than three-quarters were also in agreement that employers' move away from pension benefits has made the quote-unquote "American dream" more elusive. It's not hard to understand why U.S. workers feel this way, considering over half of all Americans are facing a financially insecure retirement, according to a report from the Senate's Health, Education, Labor and Pensions Committee.

Corporate Pension Funding Levels Skyrocket in February

By Matt Toledo, Chief Investment Officer, March 12, 2024
The funded status of U.S.-based corporate pension plans increased significantly in February, primarily due to a rally in technology stocks, driven by excitement over AI and semiconductors, according to industry reports. Funded status also continues to be boosted by heightened interest rates. The surplus in pension funding could have some plan sponsors considering what to do with their excess pension assets. Earlier this month, Eastman Kodak announced it would shut its investment office, shifting the management of its assets to NEPC LLC, and is reportedly considering how best to utilize its $1.2 billion pension surplus. Pension discount rates increased for a second month in a row in February, resulting in a decrease in liabilities for corporate plans, according to actuary and investment consultant Agilis's monthly pension briefing. These liabilities decreased between 1.8% and 2.8% in February.

The anti-ESG backlash is playing out across the country as pensions and investments become a political football

By Carlos Curbelo and Pete Sepp, Fortune, March 7, 2024

After years of headlines about the growing environmental, social, and governance (ESG) movement in investing, ESG has been met with understandable skepticism from taxpayers, who both underwrite state and local government pension plans and government borrowing. After all, if the managers of these operations take their focus off properly balancing risk and return–pursuing ideological investment goals instead–taxpayers could be on the hook for hundreds of billions in additional liabilities. Yet, that focus must go in both directions. Forcing those managers to reflexively embrace ESG or to reflexively shun it could deprive taxpayers of the market-based innovation, resilience, and long-term value we're counting on to avoid a financial meltdown. According to a Council of State Governments report, at the state level alone taxpayers face $1.3 trillion of unfunded liabilities from government employee pension systems. Administrators of these pension plans need every tool available to them to protect taxpayers against massive bailouts. Passing restrictive laws at the federal or state level, instructing these administrators to avoid certain industries or banks perceived to be too "woke" or not "woke" enough, could put them in a fiscally untenable position. The financial contagion caused by pro and anti-ESG actors is already spreading into another area of public finance. In several instances, pursuing non-financial politically motivated outcomes has led to diminished investment returns, market distortions, and other forms of economic harm.

Gov. Ron DeSantis' budget chief to lead state body in charge of Florida Retirement System

By James Call, Capital Bureau, Tallahassee Democrat, March 26, 2024

Chris Spencer was named head of the State Board of Administration, the agency managing about $225 billion in state assets, including $185 billion in the Florida Retirement System to provide pensions for state, county and city workers. Spencer, currently policy and budget director for Gov. Ron DeSantis, will move into his new job once the governor finishes reviewing the $117 billion state budget the Legislature approved earlier this month. FRS is funded at 83%, or $35 billion short of being able to pay full benefits if all current workers stopped working tomorrow. Pension funded above 80% are considered healthy by actuarial standards.

St. Augustine asks voters to streamline police pensions

By Noah Hertz, JAXTDY, March 8, 2024

St. Augustine residents, no matter their political party, will have an extra item on their March 19 primary ballots asking whether the city should streamline the decision-making process on police pensions. That's because, in St. Augustine, pensions for city staff and firefighters are a part of the city's municipal code, meaning they can be changed simply by a vote of the City Commission. But pension plans for the St. Augustine Police Department are a part of the city's charter. That means voters must approve changes. To streamline the process, the City Commission approved a measure in October to move the police pensions to the municipal code, and voters have to approve the change March 19 for it to be final.

Editor's Note: *The final vote was 68% in favor and 32% opposed.*

Jacksonville won't have to have another pension tax referendum after all

By GC Gancarski, Florida Today, March 8, 2024

There is reason to celebrate in Jacksonville City Hall, as a potential budgetary poison pill was spit out after 11th hour moves in the Legislature. The House has agreed to Senate language in an amendment filed to HB 7073 that would strike out a provision that worried some in Duval County who have been betting on a future sales tax designed to pay off legacy pension debt. The bill was passed unanimously, and will next move to Gov. Ron DeSantis. The Republican Sen. Blaise Ingoglia amendment removed language that suggested the city would need referendums every decade starting in 2026 to renew its discretionary sales surtax that was passed on behalf of the Better Jacksonville Plan, but is slated to be extended to the city's unfunded pension liability.

China Divestment Bill Heads To Florida Gov. DeSantis

By Jim Saunders - News Service Of Florida, Tampa Free Press, March 5, 2024

The Florida House and Senate unanimously approved a proposal to divest pension-fund investments in Chinese state-owned companies. The measure (HB 7071) is ready to go to Gov. Ron DeSantis. It would require the State Board of Administration to develop a plan by Sept. 1 for selling holdings tied to Chinese companies and complete divestment within one year. The State Board of Administration invests state money, including money in the massive pension fund. House sponsor Mike Caruso, R-Delray Beach, said the bill is in response to the Chinese government, the Chinese communist party, and the Chinese military, having "long engaged in activities" that drew U.S. government sanctions. Lamar Taylor, the board's interim executive director and chief investment officer, said the pension plan has less than $300 million in those China state-owned entities.

Editor's Note: The bill has not yet been sent to the governor for signature.

Morningstar remains on Florida's 'scrutinized companies' list because the state thinks it might label companies that do business in occupied Palestinian territories

The News Service of Florida, WMNF, March 26, 2024

Investment research firm Morningstar remains on a Florida list of "scrutinized companies" tied to the boycott, divestment and sanctions, or BDS, movement against Israel's occupation of Palestinian lands. Lamar Taylor, interim executive director of the State Board of Administration, told Gov. Ron DeSantis and Cabinet members that Morningstar must provide written confirmations that it has ceased using occupied-territories ratings tags that in any way "convey" an anti-Israel bias and provide monthly reports on carrying out recommendations from experts on Israeli-Palestinian issues. Taylor also said the state has identified about 40 companies that could be added to the list based on criteria changes made during a November special legislative session.