

# FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION



## **PENSION NEWS CLIPS FEBRUARY 2025 ON FLORIDA PENSION ISSUES**

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### **US pension system is among the best in the world, but there are nine better**

By Steve Randell, Investment News, February 5, 2025

The US pension system stands proudly among the best in the world but needs some reform according to a new report. An analysis of 71 pension systems globally by Allianz Life puts the US at number 10, but sustainability remains a concern including Social Security coverage gaps and retirement savings shortfalls, especially as inequality rises. The stats show that the US old-age dependency ratio - a demographic measure that indicates the proportion of elderly dependents (typically aged 65 and older) compared to the working-age population – will rise from 28% currently to 35% over the next 25 years, a significant increase, although this is less so than in Europe. The rankings shows that nine pension systems are less in need of reform than the one millions of Americans rely on for a financially secure retirement: Denmark, Netherlands, Sweden, Japan, New Zealand, Israel, Australia, the UK, and Norway. The scores range from 1 (no need for reform) to 7 (acute need for reform) with the US at 3.2. With Denmark topping the league with a score of 2.3, there is room for improvement globally. But the report highlights that pensions and retirement savings are becoming a key part of the inequality story, in the US and elsewhere. Despite a well-developed pension system, there is concern that many Americans may not be saving enough for retirement.

### **Pension funds finding the allure of fixed income again in high-rate environment**

By Rob Kozlowski, P&I, February 3, 2025

U.S. fixed-income assets among the largest defined benefit plans took a significant jump in the past year, thanks to a combination of strong returns and a number of the largest plans making strategic asset allocation changes, according to Pensions & Investments' latest survey of the largest U.S. retirement plans. As of Sept. 30, U.S. fixed-income assets totaled \$1.22 trillion among pension plans in the 200 largest U.S. retirement plan sponsors. Among 86 DB plans that responded both this year and last year, fixed-income assets totaled \$1.16 trillion, up 23% from a year earlier. For plans that provided breakdowns between active and passive U.S. fixed income, active assets totaled \$876.5 billion, up 21.4% from a year earlier, and passive assets totaled \$302 billion, up 73% from a year earlier.

### **Private Equity for Pension Plans? Evaluating Private Equity Performance from an Investor's Perspective**

By Arthur Korteweg (USC), Stavros Panageas (UCLA), and Anand Systla (UCLA), Harvard Law School Forum on Corporate Governance, February 5, 2025

Public pension plans, like many other institutional investors, have steadily increased their allocation to private equity investments over the last two decades. This trend prompts an important question: do these investments enhance the investment opportunity set by delivering positive risk-adjusted returns, or are they merely high-cost vehicles for taking on risks similar to those available in public markets? In the paper "Private Equity for Pension Plans? Evaluating Private Equity Performance from an Investor's Perspective" we propose a new methodology to disentangle whether the rates of return associated with private equity (PE) investments represent meaningful outperformance, or just compensation for the risk embedded in these investments. Our findings suggest that PE financed buyout strategies exhibit modest risk-adjusted outperformance, whereas venture capital and real estate funds do not. We also find that public pension plans tend to perform better in their private equity investments than other private equity investors, but this is mostly due to better access to private equity investments rather than

selection ability. Finally, we identify a material correlation between a pension plan's underfunding and the internal rate of return (IRR) of their private-equity investments; however, this correlation is driven by the fact that underfunded pension plans appear to be choosing comparatively riskier private equity investments, which command higher risk premiums.

### **February 7 Morning Newscast (news cast)**

Reporter Matt Lincoln, February 7, 2025

On this morning's newscast, Matt Lincoln reported that public employees make NO contribution to their traditional defined benefit pension plan. This is incorrect. In almost every instance in Florida municipalities, employees make a MANDATORY contribution, anywhere from 3% up to 12%. Private sector DB plans normally do not require employees to contribute, but only about 15% of private companies offer these plans as most have switched to a 401 account. FYI, municipalities cannot no longer offer a 401(k) (older ones are grandfathered in). Most provide a 457 plan, in addition to the pension., where employees can save tax-deferred income to supplement their retirement income upon retirement and separation from service.

**Editor's Note:** Thanks to Ann Thompson for catching this broadcast and misinformation. Sadly, we continue to hear news casters incorrectly report about public sector pensions.

### **New retirees depending more on Social Security**

By Daniel de Visé, Palm Beach Post, February 11, 2025

The decline of pensions as a source of retirement income leaves newly minted retirees in a precarious position: They are potentially more dependent on Social Security to make ends meet. New research from an employee benefit nonprofit seems to provide a stark illustration of that trend. The survey found younger retirees were much more reliant on Social Security than older ones. The oldest retirees, ages 74 and 75, reported that 52% of their income came from Social Security. The youngest, ages 62 and 63, said they drew 67% of their income from the retirement trust fund. 'The reliance on Social Security as an income source declines with age, or at least that's what the retirees are telling us,' said Bridget Bearden, research and development strategist at EBRI and author of the study. 'Defined benefit pensions have really gone away' Other research also suggests that the youngest retirees, typically born in the 1960s, are relying more on Social Security to get by.

### **S&P 1500 Pension Funded Status Increased by One Percent in January**

Mercer, February 10, 2025

The estimated aggregate funding level of pension plans sponsored by S&P 1500 companies increased by one percent in January 2025 to 110 percent as a result of an increase in equity markets and discount rates. As of January 31, 2025, the estimated aggregate surplus of \$158 billion USD increased by \$23 billion USD compared to a surplus of \$135 billion USD measured at the end of December according to Marsh McLennan. The S&P 500 index increased 2.70% percent and the MSCI EAFE index increased 5.21% percent in January. Typical discount rates for pension plans as measured by the Mercer Yield Curve increased from 5.60 percent to 5.61 percent.

### **AI can cut costs for public pension funds, says Goldman Sachs' Elizabeth Burton**

By Rob Kozlowski, P&I, February 11, 2025

Artificial intelligence could help public pension funds looking to cut costs and increase their private markets investments, said Elizabeth Burton, client investment strategist at Goldman Sachs Asset Management. Top of mind for many of these public pension funds is cutting costs, and AI could be especially helpful for funds with smaller investment staffs and fewer resources, Burton said. Burton said a lot of state pension funds have mandates to invest locally in the private markets, which can be a challenge because investment consultants are not experts on how to invest in a single local municipality. "AI could help do the diligence on these deals because they'll be able to read local data, (and) they'll be able to help you with analysis," Burton said. While she said pension funds shouldn't rely completely on AI to collect data and do analysis, AI could help because of the challenges and costs for investment consultants to complete that work.

### [Why benefit increases prompted by the Social Security Fairness Act may be difficult to implement](#)

By Lorie Konish, CNBC Personal Finance, February 13, 2025

More than 3.2 million individuals scored a legislative victory due to a new law that will increase the Social Security benefits for which they are eligible. However, many of those individuals now face a lengthy wait for the extra benefit money coming to them. The Social Security Administration is already helping some affected beneficiaries, the agency stated on its website. However, it cannot commit to a timeline as to when it will have processed the benefit increases for everyone affected. “Under SSA’s current budget, SSA expects that it could take more than one year to adjust benefits and pay all retroactive benefits,” the Social Security Administration’s website states.

### [Public pension plan trade group, Society of Actuaries team up on mortality study](#)

By Margarida Correia, P&I, February 20, 2025

The National Conference on Public Employee Retirement Systems is teaming up with the Society of Actuaries Research Institute on a long-term study that will focus on U.S. public pension plan mortality data. The study will analyze in-depth data from more than 30 U.S. public pension systems from 2022 to 2026. The research findings are scheduled to be released around 2030. “We look forward to partnering with the SOA Research Institute to ensure continued access to the latest public sector-specific mortality tables,” said Hank Kim, NCPERS executive director and counsel, in a news release Feb. 19. “This essential data will help public pensions and their actuaries better understand life expectancy of their participants, more precisely project the fiscal health of their plans, and ultimately contribute to the long-term sustainability of public pensions across the country.”

### [Florida's pension plan sues Target, contends it misled investors](#)

By Gary Fineout, Politics Pro, February 20, 2025

Florida’s multi-billion dollar pension plan launched a lawsuit against major retailer Target on Thursday, asserting the company misled investors about its diversity and inclusion efforts, leading to a LGBTQ+ Pride marketing campaign that sparked a consumer backlash. Target has already been sued over the campaign, but this latest round of litigation comes with the full support of Gov. Ron DeSantis, as well as other top Republican officials in the nation’s third-largest state. “Corporations that push radical leftist ideology at the expense of financial returns jeopardize the retirement security of Florida’s first responders and teachers,” said Attorney General James Uthmeier, one of the trustees who oversees the pension plan and whose office is helping pursue the lawsuit. “My office will stridently pursue corporate reform so that companies get back to the business of doing business, not offensive political theater.”

### [2025 Outlook: Themes for a New Economic Landing](#)

Persist, NCPERS, Winter 2025

Economic landing scenarios are subjective. And from our perspective, it feels like the post-pandemic global economy has fundamentally changed. Swings in consumer behavior, technological advancements, political shifts, global trade, and capital flows have created a world where inflation and monetary policy rates have settled into a new, higher-than-2020 equilibrium. This new, higher landing zone has significant implications in 2025 and beyond for how investors approach portfolio construction and find opportunities across asset classes. The world is settling into a new normal where economic growth, inflation, and interest rates are likely to be structurally higher. This higher elevation will require a new approach to portfolio construction; Nuveen's Global Investment Committee offers themes for 2025 to help guide investors' thinking.

### [Public Pension Plans Reach 5-Year High of 83.1% Funded](#)

By Matt Toledo, Plan Adviser, February 25, 2025

Public pension funds’ funded status has risen to a five-year high amid equity market strength, according to a study from the National Conference of Public Employees Retirement Systems. The annual [NCPERS retirement study](#) found that the average public pension has seen its funded status reach 83.1% through the first half of 2024, typically when the fiscal years for these plans ended. The report also found that discount rates have decreased to

an average of 6.67% in the first half of 2024 from 7.31% in the first half of 2021. Over the past five, 10 and 20 years, these funds reported annualized returns of 7.15%, 6.24% and 6.88%, respectively. The plans surveyed by NCPERS, on average, have a 41.5% allocation to equities, 29.7% to alternative investments, 26.1% to fixed income and 2.7% to cash equivalents and other.

### [Public pension funds allocate more to fixed income, lower return assumptions — NCPERS](#)

By Rob Kozlowski, P&I, February 26, 2025

Public pension funds are increasing allocations to fixed income and continuing to lower their investment assumptions, according to a study from the National Conference on Public Employees Retirement Systems. The study, which reflects data from 201 U.S. public pension funds that collectively oversee more than \$3 trillion in assets, shows those plans that reported data as of June 30 had an average investment return of 9.5%, and the trend toward lower investment return assumptions continues with an average discount rate of 6.67% as of June 30. That number has been going down steadily since NCPERS recorded an average discount rate of 7.2% as of June 30, 2020. For the three, five and 10 years ended June 30, the average annualized return was 7.2%, 6.2% and 6.9%, respectively. The data also showed that pension funds are allocating more to fixed income.

### [DB Pensions Are NOT Ponzi Schemes!](#)

By: Russ Kamp, CEO, Ryan ALM, Inc., February 4, 2025

I recently stumbled onto an article that was highlighting the impending pension crisis (disaster) that is unfolding in **Florida**. The author's primary reason for concern is the fact that there are now more beneficiaries collecting (659,333) than workers paying in (459,428). Briefly mentioned was the fact that the pension system currently has a funded ratio of 83.7% up from 82.4% last year. The fact that there are more recipients than those paying into the system is irrelevant. DB pension systems are not Ponzi Schemes, which in nothing more than a fraudulent vehicle that relies on a continuous influx of new "investors" (substitute plan participants) to pay the existing members of the pool. DB pensions are critically important retirement vehicles that need to be protected and preserved. Fabricating a crisis based on an incorrect observation is not helpful. If plan sponsors contribute the necessary amount each year and manage the assets prudently, these pension systems should be perpetual. Neglect the basics and all bets are off!

### [SSA Announces WEP/GPO Repeal Checks Arriving Soon](#)

By Paul Mulholland, ASPPA, February 25, 2025

The Social Security Administration (SSA) said on Feb. 25 that those affected by the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO), will begin receiving retroactive payments in February and higher monthly benefit payments in April. Those affected by the WEP and GPO should expect a retroactive payment by the end of March and for their newly calculated benefits to be reflected in their April check. Social Security beneficiaries should wait at least until April to ask about the status of their retroactive payment. "Most people will receive their one-time retroactive payment by the end of March, which will be deposited into their bank account on record with Social Security," the SSA said.

### [No pay raise for rank-and-file state workers in DeSantis proposed budget for 2025-26](#)

By James Call, USA TODAY NETWORK, February 3, 2025

State office workers' streak of good fortune under Gov. Ron DeSantis appears to have come to an end. The governor said his proposed \$115.6 billion state budget for 2025-26 emphasizes "fiscal responsibility" and makes a significant reduction in the number of people the state employs. The proposed spending plan is his first in four years without an across-the-board-pay raise for state workers and would eliminate a net sum of 741 state government jobs. DeSantis said he plans to cut \$3 billion in spending and boost state law enforcement and firefighting pay. He will call on the Legislature, however, to provide a 25% pay increase for all current state law enforcement officers and firefighters, and a 20% increase in their entry level pay, which ranges from \$46,443 to \$52,500, depending on agency.

### [Jacksonville police and fire pension debt tops \\$3 billion, surging city costs](#)

By Nate Monroe, The Tributary, February 20, 2025

Jacksonville City Hall's debt to the Police and Fire Pension Fund now tops \$3 billion — one of the fund's worst conditions in the past quarter century — a mountain of red ink that will require taxpayers to cover a record \$201 million payment later this year. That payment will strain a budget already expected to be stretched thin by rising costs, expired federal money and expensive obligations. More than \$21 million of that increased cost over the current budget year's \$178 million pension payment is attributable to across-the-board pay raises Mayor Donna Deegan agreed to provide police officers and firefighters in collective bargaining talks last year, according to the pension fund's annual actuarial report. The unfunded liability – the deficit between the retirement obligations the fund must cover and the assets it possesses to cover them – crept over \$3 billion after reaching its previous high last year of \$2.8 billion. That means the pension fund is about 44% funded, one of its worst conditions since 2000, when police and firefighter retirements were nearly 87% funded.

### [Florida sues Target for 'leftist agenda that sexualized children,' harm to retirement fund](#)

By Jeffrey Schweers, Orlando Sentinel, February 21, 2025

In his first major official act, Florida Attorney General James Uthmeier sued corporate retail giant Target, claiming its Pride Month campaign in 2023 promoted a “leftist agenda that sexualized children,” which caused its stock prices to plummet and harmed the state's retirement fund. “While the company told investors it would keep the company out of controversy to protect the stock price, the retailer engaged in a marketing campaign targeting and sexualizing children. The lawsuit was filed in federal court in Fort Myers, making Florida the first state to sue Target over its diversity, equity and inclusion practices and its decade-long support of the LGBTQ community. It was filed on behalf of the Florida Board of Administration, which oversees the state's pension fund, the hurricane catastrophe fund and nearly two dozen other investment funds.

### [Target Faces Another Lawsuit Related to ESG, DEI 'Risks'](#)

By Michael Katz, Chief Investment Officer, February 11, 2025

A Florida police pension fund is suing the Target Corp. for allegedly hiding from investors the risks involved in promoting its social and environmental causes. The lawsuit, filed just days after Target dropped those policies, claims the company knew it risked being boycotted when it implemented its diversity, equity and inclusion, and environmental, social and governance initiatives, but failed to warn investors. The plaintiffs' filing argues the backlash caused by Target's celebration of Pride Month in 2023 sent its stock plummeting. The stock also took a hit after the lawsuit was filed on January 31 and remained down 6% one week later. The **City of Riviera Beach Police Pension Fund** filed the class action lawsuit in U.S. District Court for the Middle District of Florida.

### [Riviera Beach board fights its own values in suing Target for too much diversity | Opinion](#)

By Frank Cerabino, Palm Beach Post, February 11, 2025

It's not hard to find attacks these days on so-called DEI — diversity, equity and inclusion. But you wouldn't expect it coming from the city of Riviera Beach, which lists “diversity” as one of the city's bedrock values. “We celebrate diversity as a core tenant and fundamental aspect of government, and we look to be inclusionary in activities and programs in an effort to ensure everyone is equally part of the process,” the city's value statement reads. So, it was a bit of a shocker to read that the lead plaintiff in a newly filed federal lawsuit that a New York law firm is trying to cultivate against Target for the economic consequences of that retailer's DEI policies is a city board in Riviera Beach. In the lawsuit, the pension board paints itself as a victim of Target's diversity initiatives, which are characterized as a “misuse of investor funds to serve political and social goals.” Speaking of social goals, the city's police department notes that qualified applicants can request affirmative-action hiring. So Riviera Beach city officials, including its police officers, know a thing or two about the advantages of diversity, equity and inclusion.

**Editor's Note:** The city of Riviera Beach released this statement on February 12, 2025, regarding the City of Riviera Beach Police Pension Fund Lawsuit Involvement: *The City of Riviera Beach is aware of recent reports regarding the Riviera Beach Police Pension Fund's involvement in a lawsuit against Target Corporation. It is*

*important to clarify that the Riviera Beach Police Pension Fund operates independently of both the City of Riviera Beach and the Riviera Beach Police Department. The fund is managed by a separate governing board that independently makes all decisions regarding its investments and legal actions. The board ultimately decided to participate in and lead this class-action lawsuit. The City of Riviera Beach remains committed to diversity, equity, and inclusion, which we consider fundamental principles of good governance. We actively work to ensure that all members of our community are valued and included in decision-making processes, programs, and opportunities. Additionally, we uphold respect for all opinions and welcome productive discussions that contribute to the progress of our city. While we acknowledge and respect the decision made by the Police Pension Fund, we trust that they are acting in the best interests of their members and fulfilling their fiduciary responsibilities.*

### **[Venice Council nixes pension plan buyouts](#)**

By Bob Mudge, The Daily Sun, February 27, 2025

A Venice City Council discussion about possibly buying out the police and fire department pension plans brought a number of concerned plan members to the meeting, including three former police chiefs. The subject of buying out the plans had come up at the Council's strategic planning session earlier this month. For about 10 years, new hires in both departments have gone into the Florida Retirement System. But when the city converted to FRS, active members of the departments had the option to stay in the city's plan or switch. Many stayed, especially in the fire department. Each plan has its own board, legal counsel and financial adviser. Both departments were underfunded at the time, with the fire department having the bigger shortfall. By making larger annual required contributions than mandated by law, the city has brought the fire pension plan up to 76% funding, while the police pension plan is at 104%. Mayor Nick Pachota said he was upset that the city hadn't done a better job of communicating about the discussion that was planned. He then made a motion for the city to retain management of the two plans, and to direct staff to look into the cost of a 1% COLA for the police plan. It passed 6-1.

### **[Proposed laws would allow billions in Florida retirement, other funds to be invested in risky Bitcoin](#)**

By Dan Christensen, FloridaBulldog.org, February 14, 2025

Republican legislators have filed bills that would authorize politicians and bureaucrats who oversee Florida's General Revenue Fund, the Florida Retirement System (FRS), the Hurricane Catastrophe Fund and other huge state funds to invest up to 10 percent of their cash in risky Bitcoin and "other digital assets." Those public funds, which hold tens of billions of dollars, should be allowed to convert a chunk of it to Bitcoin, a highly volatile asset, as a "hedge against inflation," according to the bills' sponsors State Sen. Joe Gruters, R-Sarasota (SB 550) and Rep. Webster Barnaby, R-DeLand (HB 487). Specifically, the nearly identical bills would bestow that substantial new power to the state's chief financial officer, currently Jimmy Patronis, and with the State Board of Administration (SBA), which oversees the FRS and other funds. The push to invest state money in Bitcoin, a largely unregulated cryptocurrency used to make electronic payments from one party to another without going through a financial institution, comes despite warnings by numerous financial experts who believe Bitcoin is a dangerous fraud.

### **[Report: Florida state technology fund has generated \\$1.1B in investment income](#)**

By The Center Square, February 10, 2025

According to a recent report, a fund designed to invest public pension funds into Florida-based technology and high-growth businesses has distributed \$1.1 billion to the Florida Retirement System Pension Fund since 2008. The pension fund received \$133.5 million from the Florida Growth Fund Program, according to the report by the Florida Legislature's research arm, the Office of Program Policy Analysis and Government Accountability. The agency says that the fund has met its benchmarks for returns every year since it was created. Investment managers told state officials the fund generated 2,300 jobs and invested \$391 million in capital expenditures during the review period. The fund, according to the report, invested in 91 companies through direct investments and invested in 62 private equity funds since 2008. In fiscal 2023-24, the plan invested \$59.1 million in 12 companies and 15 private equity funds.