FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION

PENSION NEWS CLIPS JUNE 2025 ON FLORIDA PENSION ISSUES
Prepared by Fred Nesbitt, FPPTA Media Consultant – fnesbitt911@gmail.com

The Singular Role of Public Pension Funds in Corporate Governance
By Jill E. Fisch and Jeff Schwartz, Harvard Law School Forum on Corporate Governance, June 2, 2025
Among institutional investors, public pension funds hold a uniquely public and potent position. With over $5 trillion in assets under management, these funds influence corporate governance, ESG initiatives, and economic development far beyond their nominal mandate of managing the retirement money of public employees. Yet, the prevailing legal and policy framework is anchored in a doctrine that we term "beneficiary primacy," which posits that fund managers must act solely in the economic interest of pension beneficiaries. We argue that beneficiary primacy fails to capture the singular structure and role of public pension funds and subjects them unduly to litigation risk. Instead, our article proposes a fundamental reconceptualization: public pension funds should be understood not as intermediaries whose managers are fiduciary-bound to serve passive beneficiaries, but as principals imbued with public values and run in accordance with those values.

U.S. corporate pension funding rises in May on strong returns and falling liabilities — 2 reports
By Rob Kozlowski, P&I, June 3, 2025
U.S. corporate pension funding ratios increased in May thanks to a combination of strong market performance and falling liability values, according to estimates from Wilshire Advisors and Legal & General Investment Management America. First, Wilshire estimated the aggregate funding ratio of U.S. corporate plans was 100.2% as of May 31, an increase of 2.6 percentage points from the estimate of 97.6% as of April 30. The overall increase in funding ratio was driven by an increase in asset values of 1.1 percentage points, plus a decrease in liability values of 1.6 percentage points. Ned McGuire, managing director at Wilshire, said that the FT Wilshire 5000 index return of 6.4% was its best monthly return of any kind since November 2023, and the highest in May since 1997.

Pension Funds Have Had It With Tesla's Board And Musk
By Alan Ohnsman, Forbes, June 4, 2025
When Elon Musk appeared in the White House at a ceremony with President Donald Trump marking the end of his controversial role leading the federal job-slashing DOGE initiative, he sported a shiner on his right eye that he claimed came from toddler son X. That literal black eye will heal, but the figurative ones Tesla and Musk's reputation have received from his political activities are likely to linger. Some of Tesla's biggest shareholders — including unions like the American Federation of Teachers, whose 1.8 million members participate in pension funds with $4 trillion of assets under management, including $8.8 billion of Tesla shares — see one group as largely to blame: the EV company's board. Weingarten and the teacher's union have been pushing fiduciary officers overseeing major state and city pension funds, as well as investment firms like BlackRock, Fidelity, Vanguard, T. Rowe Price and TIAA, to review their Tesla holdings and pressure the board to change its ways. Nine state treasurers and comptrollers sent a letter to Tesla Chair Robyn Denholm in April raising concerns about risks to their economies if the company falters because of poor board governance. "No other publicly traded company CEO would've been allowed to neglect his day-to-day duties like Musk has. No exception," said Illinois Treasurer Michael Frerichs, who signed the letter. "And if they had undertaken personal activities that hurt the reputation of a company or brand that badly, would they be treated like he has been?"

[Half of DB Sponsors Plan to Stay in the 'Pension Ecosystem](#)
By James Van Bramer, Chief Investment Officer, June 11, 2025
Fewer defined benefit plan sponsors are considering terminating their pension funds as other risk management strategies such as plan design changes or limited risk transfers appear more attractive. Fully half of plan sponsors do not intend to terminate their DB plans, up from 36.7% in 2023 and 28.3% in 2021, according to Mercer's 2025 CFO Survey. The 100 largest corporate DB plans were 104.1% funded on an accounting basis, with a surplus of $51 billion as of March 31, according to Milliman. As surpluses have increased, plan sponsors have tapped into alternative measures other than termination to unlock the savings. More than 50% of respondents said they are eyeing plan design changes for 2025, with an increasing interest in hybrid models and cash balance plans to offset investment risk and interest rate volatility. According to survey results shared during the webinar, 37.6% of respondents said they had implemented a hybrid pension plan design that eliminates investment risk and interest rate risk for the company, up from 32.2% in 2023. Investment risk and interest rate risk were the two main factors that plan sponsors listed for why they terminated their plans, at 66% and 48.9%, respectively, according to the survey.

Largest Corporate Pension Plans Add $22B in May
By James Van Bramer, Corporate Investment Officer, June 19, 2025
U.S. corporate pension funds continued to recover in May, as higher bond yields drove down plan liabilities, and pension assets increased. The funded status of the 100 largest corporate defined benefit pension plans increased by nearly $22 billion in May, according to Milliman. The funded ratio of the DB plans rose to 104.9% from 103%. The increase erased the losses from a rocky first quarter of the year, bringing the funded status above 103.6%, where it started 2025. Pensions assets increased in May, as the market value of plan assets grew $2 billion thanks to a 0.68% investment return. Pension liabilities fell by $19 billion to $1.195 trillion, resulting from monthly discount rates increasing to 5.71%, up from 5.57% in April. The increase in discount rates and rise in equities propelled the funded status of pension plans sponsored by S&P 1500 companies to 107% in May, a three-percentage point increase month-over-month, according to Mercer. In May, aggregate surpluses increased to $102 billion from $55 billion in April.

Gimme pension: Workers call on employers to offer lifetime income in their 401(k) plans
By Lynn Cavanaugh, Benefits PRO, June 19, 2025
Today's workers see retirement security as a shared mission with their employer – not just a personal goal, according to new research from Nuveen, which surveyed more than 2,000 401(k) participants. The research found that the vast majority of workers want their employers to offer them access to pension-like lifetime income inside their 401(k) plans. Not only that, workers feel it is an employers' responsibility to do so. Almost all workers saving in 401(k) plans (93%) say it is important for their retirement plans to provide options for converting savings into guaranteed monthly retirement income that never runs out, while 87% think employers have a responsibility to help employees achieve retirement income security. These findings represent a dramatic increase in interest in guaranteed lifetime income. When asked in 2021, just over half of workers said that their employers had a responsibility to provide access to lifetime income in retirement.
Editor's Note: See related article, State legislator group calls for more access to lifetime income options inside 401(k) plans.

Pension fund doubles down on climate-related investments
By Josh Welsh. ESG Investing, June 19, 2025
One of Canada's largest pension funds and a member of the Maple 8 has introduced a new climate strategy for 2025–2030, reinforcing its long-term commitment to building a climate-resilient portfolio and supporting the real economy's transition. The Caisse de dépôt et placement du Québec (La Caisse), which manages pension and insurance assets globally, announced they are "significantly" scaling up its investments in climate solutions and transition-aligned companies with a target of $400 billion by 2030. CDPQ's announcement follows its achievement of key climate milestones ahead of schedule. As of year-end 2024, the fund had already surpassed its

targets set in 2017 and revised in 2021, achieving a nearly 50 per cent reduction in portfolio carbon intensity, outpacing global emissions trends, which rose by 6 per cent over the same period.

Retired Florida firefighter with Parkinson's loses disabilities fight at US Supreme Court

By Jim Saunders, News Service of Florida, June 20, 2025

The U.S. Supreme Court ruled against a firefighter who retired early because of Parkinson's disease and alleged the city of Sanford violated the Americans with Disabilities Act by limiting a health-insurance subsidy. Justices upheld a decision by the 11th U.S. Circuit Court of Appeals in the lawsuit filed by Karyn Stanley, a fire-department lieutenant who retired in 2018 at age 47 because of the effects of the disease. The dispute stemmed from Stanley losing a health-insurance subsidy two years after she retired and involved questions about whether the city violated part of the Americans with Disabilities Act aimed at preventing discrimination in employment. Friday's main opinion, written by Justice Neil Gorsuch, focused heavily on wording in the law that bars discrimination against a "qualified individual on the basis of disability." The opinion said the definition of a "qualified individual" in what is known as Title I of the law applied only to current employees or people seeking jobs. Gorsuch wrote that the law "protects people, not benefits, from discrimination. And the statute also tells us who those people are: qualified individuals, those who hold or seek a job at the time of the defendant's alleged discrimination." But Justice Kentanji Brown Jackson wrote a blistering dissent, arguing the law "says nothing — zero — about the preemployment or postemployment timing of an act of disability discrimination." "Disabled Americans who have retired from the workforce simply want to enjoy the fruits of their labor free from discrimination," she wrote. "Congress plainly protected their right to do so when it crafted Title I. Yet, the Court ignores that right today." **Also see**: **Supreme Court rules against retired firefighter in ADA case**

Major pension funds could soon pull over $50 billion from key investor in unprecedented move: 'We will not retreat'

By Leslie Sattler, MSN The Cool Down, June 23, 2025

New York City's pension funds now require their asset managers to submit real net-zero plans by June 30 or risk losing their business entirely, reported Fast Company. This covers nearly $300 billion worth of investments managed by hundreds of firms, including BlackRock, which handles almost $60 billion of the city's pension money. The new rules mean asset managers must show clear plans to reduce their carbon footprint across all business operations. If their climate strategies don't meet the city's standards, they'll face a "rebid" process where the pension funds could move their money to cleaner competitors. Clean energy investments outperform their dirty energy counterparts, making them the more intelligent choice for investors who prioritize long-term growth.

How the WEP/GPO Repeal Impacted Social Security's Solvency

By Paul Mulholland, NAPA, June 25, 2025

The Social Security Fairness Act, which was passed in January, repealed both the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO). This change controversially increased Social Security's costs at a time when the retirement fund is projected to become insolvent in 2033. The WEP and GPO used to reduce Social Security benefits for workers and spouses, respectively, if they are covered by a pension benefit from a public employer that is exempt from Social Security tax withholding. The Social Security Fairness Act completely repeals both programs and is retroactive through 2024. According to the trustees' report from this year, the Social Security Fairness Act decreased the actuarial balance of the combined retirement and disability funds by "0.14 percent of taxable payroll," which the report describes as a "substantial effect." Currently, 12.4% of taxable payroll is collected for Social Security. According to a Congressional Research Service report from November, "about 2.5 million Social Security beneficiaries, or almost 4% of all beneficiaries, had benefits reduced by the WEP, the GPO, or both" as of December 2023.

Editor's Note: The article makes it sound like these government retirees are getting Social Security benefits handed to them. They had to pay into Social Security like everyone else, but had benefits reduced or eliminated because of WEP and GPO. No one covered under this new law is getting anything they didn't pay for – just like everyone else.

How AI agents can Revolutionise the Defined Benefit and Defined Contribution pension markets

By Tom Higham and Felix Mantz, Mercer, June 2025

AI can also be harnessed proactively to better serve members. The emergence of AI conversational agents – designed to listen, probe and display accurate, relevant information – is a new approach to help members engage effectively with their retirement benefits and improve trustees' knowledge, too. The emergence of AI conversational agents means that we can now have two-way conversations with many thousands of people at once about things that matter to them on their terms. It will completely change the way in which people interact with financial products, and smash some of the barriers we face to making pensions and saving more accessible. Meanwhile, AI has also been improving analytics capabilities in pensions. Discover, our multi-award-winning AI-powered DB covenant portal, has two key AI components: "traditional" predictive AI and agentic news monitoring AI. It uses these to provide robust and proportionate real-time covenant analysis and monitoring, ideal for proportionate situations including sectionalized or multi-employer schemes, such as master trusts and local government pension schemes.

Governor Signs HB4045

Office of the Governor – June 6, 2025

Effect of the Bill: The bill revises provisions of the City of Tampa Firefighters and Police Officers Pension Fund to reflect an agreement between the City and the unions representing firefighters and police officers. The bill provides that member contributions to the fund are a fixed percentage payable for the entire year, extends the time or accumulations in the fund's Deferred Retirement Option Program (DROP) from five years to eight years, increases the maximum years of service for participation in DROP from 30 years to 33 years, revises calculations for benefits for surviving children, and makes clarifying changes. The bill authorizes the City of Tampa to enter into a supplemental contract with each active member of the pension fund.

Governor Signs HB4029

Office of the Governor – June 6, 2025

Effect of the Bill: If approved by a majority vote in a referendum, the bill amends the charter of the Greater Naples Fire Rescue District in Collier County to require all seats on the district's board of commissioners be elected at-large.

Governor Signs HB669

Related Article: **Florida's New Investment: Israel's War**

Effect of the Bill: The bill prohibits a local government's investment policy from requiring a minimum bond rating for investing in bonds issued by the Israeli government.

How Asset Owners Are Attracting Talent and Their Issues Doing So

By Matt Toledo, Chief Investment Officer, June 2, 2025

There are about 300 state-administered public pension plans in the United States, and about 5,000 public sector and locally administered plans in total, according to Public Plans Data. These institutions, especially smaller and medium-sized public pension funds, often cannot compete with the salaries found on Wall Street or in other financial centers. Many of these funds are also located outside of the large metropolitan areas in which financial professionals are abundant. "Attracting and retaining talent is a major concern, particularly in those categories where the private sector completely outpaces," says **Hank Kim, executive director of the National Conference on Public Employee Retirement Systems**. "[At] some pensions plans, their compensation is closer to what investment staff might want. There are some others that aren't that close, and maybe their compensation is tied to some regulatory or statutory limit at the state or local level."

Florida State Board ILS investments take wildfire hit. New fund allocation in pipeline

By Steve Evans, Artemis, June 6, 2025

The insurance-linked securities (ILS) fund allocation of the Florida State Board of Administration experienced a negative first-quarter of performance due to the wildfire losses at the start of this year. But, the impact seemingly turned out to be less than feared and now staff of the SBA appear to be considering a new ILS fund allocation. Recall that, the Florida State Board of Administration invests into insurance-linked securities (ILS) funds via a number of specialist ILS managers. These allocations are made on behalf of the Florida Retirement System Pension Plan (FRS) portfolio, which the State Board administers. With some $201.7 billion in assets as of the end of 2024, the Florida Retirement System Pension Plan is one of the largest institutional investors that allocates to the ILS sector.

Florida pension fund managers that have beaten S&P 500 over 50 years

By Bloomberg, P&I, June 13, 2025

Unlike most other U.S. public retirement plans of its size, the Tampa Fire & Police Pension Fund doesn't invest in hedge funds, private equity or private credit. It doesn't hire consultants to help it pick outside managers. Instead, for the past 50 years, its investments in stocks and bonds have been overseen by a single manager, Bowen, Hanes & Co., a nine-person firm led by Harold "Jay" Bowen III. In short, Tampa and Bowen Hanes do one thing, and the rest of the institutional world does something else. Consider the Tampa fund's performance, though. It racked up a 32.2% return in the fiscal year ended in September. "Fiscal 2024 was—not only was it our 50th year, it was the best year the plan ever had," says Bowen, 63. The return was good enough to rank the Tampa plan as the best performer for the period in the Wilshire Trust Universe Comparison Service's database of plans with more than $1 billion in assets under management. Tampa was also No. 1 for 3, 5, 10, 15, 20, 25, 30, 35 and 40 years. To drill down to Bowen Hanes' stockpicking prowess, look at it from one more angle. Because of its investment policy, the Tampa plan can't be more than 65% stocks by cost. If you isolate the common stocks in the fund, their cumulative return was 86,022%. Annualized, that's 14.5%, versus 12.5% for the S&P 500. The fund's stocks beat the index by 2 percentage points for 50 years.

Problem – Solution: Liquidity

By: Russ Kamp, CEO, Ryan ALM, Inc., June 2, 2025

Plan Sponsors of defined benefit pension plans don't have an easy job! The current focus on return/performance and the proliferation of new, and in some cases, complicated and opaque products, make navigating today's market environment as challenging as it has ever been. **Problem** – Plan sponsors need liquidity to meet monthly benefits and expense. How is this best achieved since many plan sponsors today cobble together monthly liquidity by taking dividends, interest, and capital distributions from their roster of investment advisors or worse, sell securities to meet the liquidity needs? **Solution** – Create an asset allocation framework that has a dedicated liquidity bucket. Instead of having all of the plan's assets focused on the return on asset (ROA) assumption, bifurcate the assets into two buckets – liquidity and growth. The liquidity bucket will consist of investment grade bonds whose cash flows of interest and principal will be matched against the liability cash flows of benefits and expenses through a sophisticated cost-optimization model. Liquidity will be available from the first month of the assignment as far out as the allocation to this bucket will secure – could be 5-years, 10-years, or longer. In reality, the allocation should be driven by the plan's funded status. The better the funding, the more one can safely allocate to this strategy. Every plan needs liquidity, so even poorly funded plans should take this approach of having a dedicated liquidity bucket to meet monthly cash flows.