

# FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION



## PENSION NEWS CLIPS JULY 2025 ON FLORIDA PENSION ISSUES

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### State Constitutional Protections for Public Pension Benefits

NCPERS Blog, July 1, 2025

States provide protections for public pension benefits through layers of regulatory, statutory, and state constitutional means. Of these three, state constitutions are unique because—like their federal counterpart—they are harder to amend and thus serve as a kind of foundational layer of protection. Additionally, these state constitutions matter because state, not federal, law governs public pensions. Earlier this year, attorneys at Williams & Jensen conducted a [comprehensive 50-state review of state constitutional protections for public pension benefits](#). This article highlights some of the commonalities seen across states. A few common traits found in state constitutions are the use of contract principles, property principles, and the California Rule.

### Two Senators Have A New Proposal To Fix Social Security

By Jordyn Bradley, Investopedia, July 09, 2025

Senators Bill Cassidy and Tim Kaine published an opinion piece in The Washington Post describing a proposal they say could save Social Security. The senators proposed creating an additional fund that would be invested in stocks, bonds, and other investments, and generate a higher rate of return than the current trust funds. Some Social Security experts don't believe the program has the time this proposal requires, as the trust funds are estimated to be depleted by 2034. Social Security is currently paying more out than it is taking in due to an aging working population, which could result in gaps in benefits for its beneficiaries. Congress must act to avoid the shortfall by finding more income or cutting benefits.

### Large pension plans increase private equity allocations over past 2 decades

By Larry Rothman, P&I, July 10, 2025

Large pension plans' private equity allocations have climbed over the years, based on responses to Pensions & Investments' annual top 1,000 plan sponsor survey. Pension funds' private equity allocation grew to 13.3% of assets in 2024, up from 3.8% in 2006. The increased private equity portion was more pronounced among public pension plans, which had a 13.9% private equity weight vs. 4.1% in 2006. The share of private equity in corporate pension funds increased to 9.2% from 3.6% during this period.

### Corporate Pension Funding Ends Q2 at Highest Point Since 2022

By Emily Boyle, Plan Sponsor, July 14, 2025

U.S. corporate pension funding increased in June for the third consecutive month, as strong investment returns drove pension assets higher. The funded status of the 100 largest corporate defined benefit pension plans increased to 105.1% from 104.9% and improved by \$3 billion in the month, according to Milliman's June Pension Funding Index. In May, a decrease in liabilities, due to higher bond yields, drove up pension funding. In June, "liabilities actually increased because discount rates fell by 19 basis points," says Zorast Wadia, the author of Milliman's PFI. "But it was the asset returns that saved the day because of the market's very strong return."

### **Public Pension Fund Returns Remain Positive in Fiscal 2025, Despite Tariff Stumble**

By Matt Toledo, Chief Investment Officer, July 16, 2025

Many public pension funds have closed the books on their 2025 fiscal year, the one-year period that typically starts on July 1 and ends June 30, and their investment returns are expected to hold up, continuing the third year of a market rally across asset classes, despite mid-year volatility. A tech-fueled equity rally drove returns for many public funds. Between July 1, 2024, and June 30, 2025, the S&P 500 Index rose 12.8%. April's rollout of President Donald Trump's new tariff regime shocked the markets. A few days following the announcements, the largest public plans had seen the value of their equity portfolios fall by \$170 billion, but by early May, markets had mostly recovered from those lows. To date, few public U.S. funds have reported investment returns for fiscal 2025; they are typically announced later in the summer. The largest public pension fund in the U.S., the California Public Employees' Retirement System, however, this week reported preliminary fiscal 2025 returns of 11.6%. These projected average returns are relative to an estimated average assumed rate of return of 6.87%. According to Equable, the average assumed rate of return has declined from 8.07% in 2001 to 6.87% in 2025. In 2005, the median assumed return rate was 8%, falling to 5% in 2025. Equable expects the funded status of U.S. public pension funds to improve to 81.4% through fiscal 2025, up from 78.3% at the end of fiscal 2024, based on a decrease in aggregate unfunded liabilities to \$1.35 trillion from \$1.51 trillion as a result of record high contributions. This would be the third consecutive year of improvement in public plan funded status.

### **U.S. public pension funds post 10-year median private equity return of 13.5%**

By Ryan Prete & Larry Rothman, P&I, July 17, 2025

U.S. public pension funds earned a median annualized return of 13.5% from private equity over a 10-year period, according to the American Investment Council. The AIC's new report examined the private equity investments of 200 U.S. public pension funds from Dec. 2022 to Dec. 2024, with most dates as of June 30, 2024. "Year after year, private equity has outperformed every major asset class over the long term, offering steady, reliable, and robust returns even during periods of economic volatility," Will Dunham, AIC president. The U.S. public pension fund with the highest private equity return was the \$6.9 billion Vermont State Retirement Systems, with an annualized 18.8% over 10 years, according to the report. **FRS** ranked #10, with a 15.8% return over the 10-year period.

### **LETTER: Generous public pension benefits a cause for concern**

Las Vegas Review Journal, July 19, 2025

Why are the local, state and federal employee retirement benefits never mentioned when it comes to cutting costs? Those benefits are paid by the government employees and the public. The benefits the employees receive in programs such as the Nevada Public Employees Retirement System far outpace the average Social Security benefits due their large salaries. Why does Social Security always seem to be the scapegoat when the government has "robbed" from the Social Security Trust Fund for decades? Social Security has no public funds put into it. It is the employees and private employers who contribute the money that funds it. I believe that PERS funds should be put into the Social Security pot, PERS discontinued and all government employees should be put on Social Security. With the salaries the government employees receive, Social Security would be solvent immediately.

**Editor's Note:** WOW

### **Unintended Consequences: How Scaling Back Public Pensions Puts Government Revenues at Risk**

NCPERS Research Piece, July 2025

New research from NCPERS provides a data-driven analysis of how public pensions support state and local economies through both investment of pension fund assets and retiree spending. ➡ Read the full report and explore an interactive map to find the tax revenue generated by #publicpensions in your state: [NCPERS Economic Impact of Public Pensions Research](#) Key findings include: In 2023, public pensions contributed \$2.9 trillion to the U.S. economy: \$1.9 trillion from the investment of pension fund assets and \$980.7 billion from retiree spending of pension checks. Public pensions generated \$661.9 billion in state and local tax revenues—\$445.2 billion more than the \$216.7 billion contributed by taxpayers. Forty-three states saw a net revenue gain from

public pensions, highlighting their widespread fiscal benefits. This trend has grown steadily since 2016. For every dollar taxpayers contributed to public pensions in 2023, they generated \$13.41 in economic activity.

**Also see: [Public Plans Are a Huge Revenue Source. So Why Are They Still Under the Axe?](#)**

### **[The Funded Status of Public Plans Keeps Improving – Albeit Modestly](#)**

By Jean-Pierre Aubry and Alecia Munnell, Center for Retirement Research at Boston College, July 22, 2025

The projected funded ratio for state and local pension plans in FY 2025 is 77.7 percent, 1.5 percentage points higher than 2023 – the date of our last funding update. These gains seem quite modest, given that the S&P index increased more than 40 percent between June 2023 and June 2025. Moreover, as discussed below, state and local governments have become more diligent in their procedures for funding their plans, and have increasingly realized benefit cuts enacted in the wake of the Great Recession as “new hires” have replaced departing employees. The brief’s key findings are: The estimated ratio of pension assets to promised benefits has increased over the last two years by 1.5 percentage points to 77.7 percent. This increase reflects a boost in assets from higher contributions and solid returns, and the realization of benefit cuts scheduled for new employees. The impact of these positive fundamentals is partially offset by: 1) negative cash flows associated with maturing plans; and 2) basic growth in benefit liabilities.

### **[Why More Public Pensions Are Taking a Chance on Alternative Investments](#)**

By Seb Murray, Insights by Stanford Business, July 22, 2025

In March 2024, the board of the United States’ largest public pension fund endorsed a strategy to ramp up its investments in private markets by over \$30 billion. The California Public Employees’ Retirement System, which now manages more than \$500 billion in retirement funds, said it planned to shift more of its portfolio away from stocks and bonds and toward private equity and private debt. Two years earlier, CalPERS acknowledged that its choice to steer clear of private equity had potentially caused it to miss out on up to \$18 billion in returns over the previous decade. CalPERS is far from alone. The biggest public retirement plans in the U.S. have plowed money into alternative assets like private equity, real estate, and hedge funds. Since 2001, for every dollar they’ve withdrawn from fixed-income assets, they have invested \$2.60 in alternatives, according to a recent study by Stanford Graduate School of Business. Between 2001 and 2021, allocations to alternative assets went from 14% of pensions’ “risky” investments to 39%.

### **[U.S. Public Pensions Adapt To Change, And It’s Paying Off](#)**

By Dan Doonan, Contributor. Forbes, July 28, 2025

This resilience and growth of U.S. public pension plans isn’t new. These plans were closely watched as they recovered from and adjusted to the aftermath of the Global Financial Crisis (GFC) of 2008. In fact, new research from the National Institute on Retirement Security and Aon indicates that U.S. public pension plans not only successfully adapted to a new economic environment, but their diversified investment portfolios have outperformed traditional stock and bond portfolios over the same time periods. The period immediately following the GFC was a time of substantial change for public pension plans, with significant modifications on the actuarial and investment fronts. During periods of significant change, it often can be difficult to measure results before a track record is established.

### **[Florida state investments reached record highs in fiscal 2025](#)**

By Steve Wilson, The Center Square, July 23, 2025

Florida officials say the state's investments, which support its pension funds and local governments, hit a record high on its asset values in the recently-concluded fiscal year. The board reported \$277 billion assets under management for fiscal 2024-25 ending June 30. That's a \$20 billion improvement over last year's figure. This comes a year after the Florida Retirement System's pension and investment plans did not meet their one-year benchmarks. The board invests about half of the managed funds into global equities (stocks), with the latest figure at 48.5%. The Pension Fund earned a rate of return of 10.5%, still 0.6% below its benchmark of 11%.

### [An Increase in Pension Obligations Adds to States' Unfunded Liabilities](#)

By David Draine, Keith Sliwa, Joanna Biernacka-Lievestro, and Riley Judd, Pew Foundation, July 30, 2025

Since 2008, public pensions have persistently remained the largest of the three long-term obligations that states regularly report on, even as the burden from outstanding bond debt and retiree health care has eased. Nationwide, unfunded pension liabilities—the gap between the amount needed to pay for promised pension benefits and the amount set aside for them—grew to nearly \$1.3 trillion in fiscal year 2022, largely because of lower-than-expected investment returns. The pension funding shortfall increased almost 17 percentage points from the previous fiscal year, to nearly 66% of states' own-source revenue (all taxes and fees levied and collected directly by the state in 2022). By contrast, the burden from outstanding debt declined as a percentage of state revenues in fiscal 2022. The third major source of long-term state liabilities, unfunded retiree health care, fell in fiscal 2019 (the most recent year for which The Pew Charitable Trusts has [compiled 50-state data](#)).

### [More on Why Bonds Are Not Performance Drivers](#)

By Russ Kamp, CEO, Ryan ALM, Inc., July 21, 2025

As you've heard us say and write many times, U.S. investment-grade bonds are not performance drivers. Bond should be used for their cash flows, as they are the only asset class with a known terminal value and contractual interest payments. Those attributes should be used to SECURE the promised benefits (and expenses) each month chronologically, as far into the future as an allocation to cash flow matching can go. In case you missed some of the previous posts that highlighted our concerns about bonds as a return generator and included in this article.

## **SPECIAL REPORT**

### **Pension Data Center Report FY23**

The FY23 data on Florida's 483 governmental defined benefit plans are now available on the [FPPTA website](#). This is the annual report on the status of our defined benefit plans, which gives trustees and administrators the opportunity to compare their plan with others in the state and to determine whether their results are above, below or in line with other DB plans. The overview contains data on FPPTA membership, such as status of plans, Social Security coverage, type of plans, and active or closed or terminated plans. The other data for all 483 plans include plan funding statistics and how assets are invested. The FPPTA website has all the supporting documentation on the FY23 report: one-page analysis, official local government plan report, links to all plans' summaries and actuarial reports, and funding to public safety plans from 175 and 185 monies. To access these data, go to [fppta.org](#), sign-in to your account, go to Resources, and click on Pension Plan Data Center. It also contains a great glossary of pension terms for trustees.

**FPPTA is the Voice of Florida's Public Pensions and the Advocate for Defined Benefit Plans.**

**See next page for the data for FY23.**

# **FPPTA PENSION PLAN DATA CENTER**

## **Florida Local Defined Benefit Pension Plans: FY2023**

Summary results from the FY2023 data analysis of Florida's 483 local defined benefit plans. The data come from state reports filed by plans and can be viewed on the [FPPTA website](#).

### ***FPPTA Membership***

- ✓ **70%** (137,135) of total plan participants belong to FPPTA
- ✓ **64%** (308) of Florida local DB plans belong to FPPTA
- ✓ **78%** of FPPTA plans are active plans vs closed or frozen plans
- ✓ **76%** of FPPTA plans are covered by Social Security
- ✓ **30%** of FPPTA plans are firefighters
- ✓ **30%** general employees
- ✓ **29%** police officers
- ✓ **9%** police and firefighters
- ✓ **2%** other

### ***Plan Funding***

- ✓ **94.3%** average pre-funded ratio in FY23
- ✓ **9.2%** average actual market value rate of return in FY23
- ✓ **6.9%** average assumed rate of return - continues to decline
- ✓ **\$2.6 billion** required contribution: **55%** normal cost and **45%** unfunded liability
- ✓ **6%** from employees,
- ✓ **19%** from city
- ✓ **3%** from state funding (175/185 funds)
- ✓ **72%** from investments
- ✓ **46%** active members; **43%** retired; **3%** DROP and **8%** vested terminated
- ✓ **\$33,795** average annual pension
- ✓ **\$3.5 billion** paid to retirees annually

### ***Assets Invested***

- ✓ **\$49 billion** market value of all plan assets
- ✓ **60%** invested in equities (**9.5%** international)
- ✓ **21%** invested in fixed income (**.5%** international)
- ✓ **10%** invested in real estate
- ✓ **6%** invested in alternative investments
- ✓ **3%** invested in other assets, cash and equivalents
- ✓ **5%** of assets in DROP accounts

**FPPTA:** The **VOICE** of Florida's Public Pensions  
The **ADVOCATE** for Defined Benefit Pensions  
**Florida Public Pension Trustees Association**

