FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION

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

41 States Where Retirees Are Expected To Run Out of Money in Retirement

Laura Beck, Yahoo Finance, August 4, 2025
A retirement crisis is quietly unfolding across America. According to a new analysis from Northwestern Mutual and Seniorly, retirees in 41 states plus Washington D.C. are projected to outlive their savings, facing an average shortfall of $115,000 during their golden years. The findings paint a sobering picture of retirement readiness in the United States, where rising costs of living, healthcare expenses, questionable policy choices and longer lifespans are colliding with inadequate savings to create financial stress for millions of older Americans. New York leads the nation in retirement financial stress, with seniors facing a devastating $448,000 gap between their needs and resources. Despite the state's higher incomes, retirees require approximately $1.12 million to cover 19.4 years of expected retirement expenses but can only expect to collect around $670,000 from all income sources. NY is ranked #1 – **Florida comes in at #15.** Washington state tops the list for retirement financial security, providing seniors with an average $146,000 cushion above their expected needs. This success stems from combining high retirement incomes (approximately $1.13 million) with living costs that remain manageable compared to other high-earning states.

Over 99% of public pensions failed to meet their assumed rate of investment returns

Opinion Piece, Mariana Trujillo, Managing Director, Reason Foundation, August 11, 2025
From 2001 to 2023, 99% of public pension funds failed to meet their average assumed rates of return. The average investment return for public pension systems during this period was 6.5%, well below the average assumed rate of 7.59%. It means government entities have systematically underestimated the costs of providing public pension benefits to workers, unintentionally underfunding their pensions and creating public pension debt. As of 2023, public pension debt in the United States totals $1.6 trillion, which represents about a third of all state and local government debt. Because most public pension plans guarantee benefits, it falls on state and local governments to close any gaps between assumed rates of return and actual investment returns. Increasingly, governments are forced to choose between cutting public services and raising taxes to pay for pensions.
Editor's Note: The data (in the FPPTA pension data center) do not support this opinion, but contradicts it in most cases. Investment return is just one piece of assumption changes that affect the city's required contribution.

Kodak Looks to Terminated Pension Fund for Cash

By Matthew Toledo, Plan Sponsor, August 12, 2025
The Eastman Kodak Co., in its earnings report for the year's second quarter, warned investors that it may not have the money to pay off debts over the next 12 months and is looking to the surplus in its terminated pension fund for help. The company reported $477 million in term loans that it could not pay if they were to become due in accordance with their current terms. Kodak reported a cash balance of $155 million, of which $70 million was held in the U.S. The company's cash balance fell by $46 million from the end of the prior quarter. The company announced it plans to use proceeds from a pension reversion from its terminated Kodak Retirement Income Plan—its corporate defined benefit plan—to pay off its debt obligations, according to the company's recent 10-Q filing. A pension reversion allows a company with surplus assets in its pension plan to terminate the plan and claim its surplus assets. The company estimated proceeds of $500 million from the reversion of KRIP assets, Kodak CFO David Bullwinkle said in the company's Q2 earnings call.

Governor says she had no role in pension idea floated by DOGE group

By O. Kay Henderson, Radio Iowa, August 13, 2025

Governor Kim Reynolds says she has not encouraged the government efficiency panel she appointed this spring to make certain recommendations. The governor's comments come after a member of the "Department of Government Efficiency" or DOGE said that changing the pension system for public sector employees is an idea worth considering to trim government spending. It would mean flipping to a 401K like system where retirement income comes from investments. House Speaker Pat Grassley and Senate Majority Leader Jack Whitver say Republicans in the legislature have no interest in making those changes. Governor Reynolds said when she appointed members to her government efficiency panel, she made it clear nothing was off limits and changing the Iowa Public Employees Retirement System has been discussed before. "Not to touch anybody that's in it, but to take a look at new people coming in," Reynolds said. "…This is a very complex issue. It's a very sensitive issue. I'm counting on it. My daughter who is a teacher is counting on it." Democrat Rob Sand, who's running for governor, said changing the Iowa Public Employees Retirement System would break a deal made with public employees of the past and the future. He said they work for less than what they'd earn in the private sector, with the promise of a steady pension when they retire.

Proxy firms' lawsuits highlight need for public pension systems to prioritize investment returns

By Ryan Frost, Managing Director, Reason Foundation, August 14, 2025

With news that the world's two largest proxy advisory firms, Institutional Shareholder Services (ISS) and Glass Lewis, are suing the state of Texas over a new law that limits their ability to push environmental, social, and governance factors (ESG) in shareholder voting, taxpayers deserve to understand who these companies are and what they stand for. At first glance, this lawsuit has been framed as a battle over free speech. But the real issue is less about constitutional rights and more about the enormous, largely unaccountable power these firms wield over public money. ISS and Glass Lewis are private companies that dominate the proxy advisory market, influencing how institutional investors, including public pension funds, vote on matters like executive pay, board elections, and environmental proposals. These votes shape corporate policy, impact stock performance, and ultimately affect the financial stability of the retirement systems that millions of public employees depend on. This is concerning because neither ISS nor Glass Lewis has any fiduciary duty to the pensioners or taxpayers whose financial futures are affected by their recommendations to public pension systems. They are not legally required to act in the best financial interest of the investors they influence. The companies operate as for-profit businesses, often with significant conflicts of interest. These conflicts are a concern for taxpayers because public pension systems allow the companies to shape major decisions with virtually no accountability.

Corporate Pension Funding Increases for Fourth Straight Month

By Emily Boyle, Plan Sponsor, August 18, 2025

U.S. corporate pension funding continued its upward trajectory in July, as an increase in corporate bond yields drove down plan liabilities. The funded status of the 100 largest corporate defined benefit pension plans rose by $4 billion, according to Milliman. The funded ratio of DB plans increased to 105.7% from 105.3% at the end of June, largely due to a $6 billion decrease in liabilities. The market value of assets actually fell in July, to $1.282 trillion from $1.284 trillion in June. The projected benefit obligation decreased in July to $1.213 trillion, reflecting a three-basis-point increase in the monthly discount rate, to 5.55% in July from 5.52% in June.

Funding gap in DB plans closes in after years of pension deficits

By Freschia Gonzales, BPM, August 18, 2025

A decade and a half after the global financial crisis (GFC), defined benefit (DB) schemes across the G7 are recording funding surpluses, marking a reversal from persistent deficits that weighed on plan sponsors and regulators. The change is driven by the sharp rise in interest rates and bond yields since 2022, which increased discount rates and lowered the present value of liabilities. Even as credit spreads sit near 10-year lows, absolute yields remain well above pre-pandemic levels, helping DB plans achieve stronger funding positions.

In the United Kingdom, the Pension Protection Fund's 7800 index shows DB schemes reaching a surplus of 120 percent by May 2025, surpassing the 2007 peak.   In the United States, Milliman's Pension Funding Index reported a 101 percent funding ratio for the largest 100 corporate DB schemes in 2024 — the first surplus since 2007.   US funds display a broader asset mix than their UK peers, with corporate and foreign bond holdings outweighing Treasuries.

BlackRock warns Republicans and Democrats are 'politicizing' pension funds

By Jesse Pound, P&I, August 28, 2025
BlackRock pushed back against pressure from elected officials and defended its track record as a fiduciary in a letter published Aug. 27, warning that interference by lawmakers from both parties could hurt pension funds. Jane Moffat, BlackRock's managing director for U.S. government affairs and public policy, wrote that fiduciary duty is one of the "foundational principles" of the firm. BlackRock's response follows letters from Republican and Democratic policymakers over the past month that question how the firm interacts with public companies on behalf of its clients. "We are proud to serve your states, and to help people save and invest for retirement. It is an honor for BlackRock to partner with you to help millions of hardworking Americans experience financial well-being. However, these letters continue a concerning trend by both parties of politicizing the management of public pension funds," Moffat wrote.

What Might SS Recipients Get in 2026's COLA

By: Russ Kamp, CEO, Ryan ALM, Inc., August 15, 2025
With the demise of the defined benefit plan for many workers in the US private sector, Social Security benefit payments become ever more important for a greater percentage of the American retirees and those with disabilities. There have been several stories recently about Social Security and what the "average" recipient might receive in 2026 and worse, what their benefit reduction might be should the forecast of a "lockbox" shortfall in 2033 come to pass. We'll get the official word on the 2026 COLA sometime in October, but early estimates are forecasting a 2.5% increase for next year. As we celebrate Social Security's 90th anniversary, we need to understand that the on-going rhetoric about SS running out of money is a fallacy. There DOES NOT exist an "operational constraint on the government's ability to meet all Social Security payments in a timely manner. It doesn't matter what the numbers are in the Social Security Trust Fund account, because the trust fund is nothing more than record-keeping, as are all accounts at the Fed." Recent estimates target a possible reduction in "benefits" at 23% to 24% in 2033. Try telling the nearly 70 million Americans, many relying on SS for most of their retirement assets, that they will see a dramatic reduction in a promised benefit that they themselves helped to fund. With 50% of retirees using SS for more than 50% of their retirement income and another 25% in which SS makes up 90% or more of their retirement income, the economic impact from these potential benefit cuts would be cruel and absolutely unnecessary.