

FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION



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Public Pension Fund Returns Beat Their Benchmarks

By Michael Katz, Plan Sponsor, September 2, 2025

U.S. public pension funds' returns were well beyond their targets for the third consecutive year, reporting a median investment return of 11.3% for the fiscal year ended June 30, according to Callan. All of the major asset classes reported gains for the year ending June 30, 2025. The plans' returns, which left their average assumed rate of return of 7.0% in the dust by 430 basis points, were led by foreign equities and domestic equities, which gained 17.7% and 15.3% respectively for the fiscal year. The equities' performance also surpassed their benchmarks' returns of 17.56% and 11% respectively. The returns varied by plan size, led by small- and mid-sized plans, which returned 11.7% and 11.4% respectively for the year, with large plans behind the smaller funds with a median return of 10.9%. Over the past 10 years, the annualized median returns varied little by plan size with overall returns at 7.8%, while large plans earned 7.9%, and mid-sized and small plans returned 7.8% and 7.7% respectively.

Selling every NBA team wouldn't be enough to fill Illinois' pension hole

By LyLena Estabine, Illinois Policy, September 2, 2025

Illinois' public pension crisis is the worst in the nation and shows no sign of improving anytime soon. The five pension systems run by the state of Illinois only have 46 cents on hand for every \$1 of benefits they owe. Filling that \$144 billion hole would require more money than the price of every NBA team combined. The worst funded is the General Assembly Retirement System – funded at 24.6%.

US public pension funds pare allocations to private credit

Sun Yu, Financial Times, September 7, 2025

US public pension funds are allocating less capital to private credit investments amid concern about looser underwriting standards and rising credit risks. A Financial Times analysis of public records shows 70 major US public pension funds reported an 18 per cent decline in allocation to private credit in the first six months of 2025 from a year earlier. Public pensions have been a key source of capital for the sector, which posted an overall 40 per cent drop in North American fundraising in the first half of the year, according to financial data provider Preqin. State and city pension plans told the FT they have tightened scrutiny of new private credit managers and paused allocations since the start of the year.

August Heat for Private Pension Plans

By John Ikel, ASPPA, September 8, 2025

Private-sector pension plans showed vigor in August and continued to be in full-funded. Funded ratios improved, as did assets; liabilities grew too, but by an amount that was easily exceeded by that of assets. Growth was modest by the reckoning of three analysts. Aon's Pension Tracker says that the funded ratio rose from 101.5% at the start of the month to 101.9% at the end, spelling growth of 0.4 percentage points. October Three, which tracks two hypothetical plans — one traditionally invested and one conservatively invested, was also reserved. It reports that the funded ratio of traditional plan gained more than 1% and stood at 105% by Aug. 31, while the conservatively invested plan gained a fraction of 1%. Milliman, which monitors the funded ratios of the 100 largest pension plans sponsored by U.S. public companies, found an increase of 0.7 percentage points in August to 106.2%.

[World's Largest Pension Funds Top 2021 Record](#)

By Matt Toledo, Plan Sponsor, September 8, 2025

The largest 300 pension funds in the world collectively managed \$24.4 trillion in 2024, according to a new report from WTW's Thinking Ahead Institute. These investors saw their assets surpass the previous record of \$23.6 trillion, set in 2021, reversing three years of losses. Assets of these funds, which include both defined benefit and defined contribution plans, rose 10% in 2023 and 7.8% in 2024. Strong equity performance globally drove returns, as investors across regions made larger allocations to equity investments. Defined benefit funds accounted for the majority of assets, at 59.4%. DC assets accounted for 27.7% of all assets, followed by reserve funds at 12% and hybrid funds at 0.9%. Approximately 153 funds out of 300 were public sector pension funds or sovereign wealth funds. The North American region accounted for nearly half of all pension assets—approximately 47.2% of all assets were held by investors in the region, primarily in the U.S., home to 153 of the 300 funds on the list and accounting for 41.4% of total assets under management.

[Pension fund size matters](#)

By Gill Wadsworth, Institutional Asset Manager, September 12, 2025

The top 20 retirement funds in the world by assets under management (AUM) grew their assets by 5.5 per cent between 2019 and 2024, versus 4.4 per cent per cent from the next 30 biggest and 4.6 per cent for the top 300 overall. Figures from The Thinking Ahead Institute (TAI), reveal AUM in top 300 funds increased by 7.8 per cent in 2024, compared to an increase of 10 per cent in 2023. The top 20 pension funds account for 42.4 per cent of total AUM in 2024, up from 42.1 per cent in 2023. The report reveals an increasing reliance on technology across the investment industry, transforming how pension funds manage assets, assess risk and make decisions.

[The Next Chapter for U.S. Corporate Pension Plans](#)

By Saleena Goel and Bariscan Goc KKR, September 2025

U.S. corporate pension plans have quietly entered a new era. After years of underfunding and equity-heavy allocations, most large plans are approaching fully funded status or better, driven by rising interest rates, strong equity markets, and disciplined liability management. But this progress brings new challenges in what we believe will remain a dynamic interest rate environment: future-proofing to lock in gains, sustaining returns to offset headwinds from unhedgeable liability risks, and matching cash flows as liability durations shorten and retirees draw benefits. Importantly, we note that while traditional fixed income allocations serve a crucial role in reducing funded status volatility, their marginal benefits can diminish significantly, especially for plans nearing their end-state portfolios.

[Corporate Pension Funding Rises for Fifth Consecutive Month](#)

By Emily Boyle, Plan Sponsor, September 12, 2025

Strong investment returns drove pension assets higher than liabilities last month, Milliman revealed on September 8. The funded status of defined benefit pension plans improved by \$8 billion in August, doubling July's \$4 billion increase, according to the firm's pension funding index. As of August 31, the funded ratio rose to 106.2% from 105.5% at July month end—marking five consecutive months of increase.

[Florida State Pension Misses Fiscal 2025 Benchmark, Projects Full Funding in 17 Years](#)

By Michael Katz, Chief Investment Officer, September 25, 2025

Public equities spurred the Florida Retirement System's 10.3% return for the fiscal year that ended June 30, raising its asset value to \$211.5 billion from \$198.7 billion one year earlier. However, it underperformed its benchmark's return of 11.1%. The pension fund also reported three- and five-year annualized returns of 9.44% and 9.72%, respectively, and 10-year returns of 8.01%. Public equities returned 16.4%, followed by active credit, which returned 10.3%. Strategic investments and private equity earned 7.7% and 7.2%, respectively, followed by fixed income and cash at 6.4% and 5.2%, respectively. The FRS' real estate investments represented the only asset class that was down for the year, registering a 0.3% loss. The pension fund's asset allocation, as of the end of June, was 48% public equities; 22% core fixed income; 13% open-end real estate, hedge funds, and insurance-linked

securities; 11% private equity and closed-end infrastructure; and 6% private debt and closed-end real estate. The Florida State Board of Administration estimated its funded ratio was 87% as of the end of its fiscal year, calculated using a market-based funded ratio. It also projected that under the current asset allocation, it expects the funded level to reach 100% by fiscal 2042.

[Deerfield Beach Commission Approves FRS Benefits for Police and Fire Personnel](#)

Citizen Portal, September 10, 2025

The Regular City Commission Meeting focused on several key agenda items, primarily concerning the city's participation in the Florida Retirement System (FRS) for police and fire personnel. The commission then addressed items 7 and 8, which pertained to the second reading of ordinances regarding the extension of FRS benefits to police and fire personnel. The city attorney clarified that the proposed changes would not adversely affect current employees, as the transition would not impact those already receiving benefits. However, concerns were raised about the potential implications for active personnel, particularly those in the Deferred Retirement Option Program (DROP). City officials provided detailed explanations regarding the current pension plans and the implications of transitioning to FRS. It was noted that while the police department's pension plan had been closed for years, the fire department still had active participants who could be affected by the proposed changes. The discussion highlighted the need for clarity on how these changes would impact the 25 firefighters still in the municipal pension plan.

Editor's Note: This is a first - *This article was created by AI summarizing key points discussed. AI makes mistakes, so for full details and context, please refer to the video of the full meeting.*

[Audit of city's pension plans finds miscalculations in benefit distribution](#)

By Teresa Sargeant, The Apopka Chef, September 9, 2025

An audit of the city's pension plans has revealed both overpayments and underpayments to retirees due to misalignment with plan documents and legal requirements. Representatives from the financial services company Empower explained remotely the recalculation of benefits due to changes in the average monthly earnings definition. This affects 106 retirees, with 62 experiencing benefit increases and 44 experiencing decreases. Empower representatives also explained the legal necessity to correct benefits prospectively, and that underpaid retirees were compensated with interest, while overpayments would not be recouped retroactively.

[I'm Concerned! Are You?](#)

By Russ Kamp, CEO, Ryan ALM, Inc., September 25, 2025

I've been concerned about the U.S. retirement industry for many years, with a particular focus on traditional pensions. The demise of DB pensions is a major social and economic issue for a significant majority of American workers, who fear that their golden years will be greatly tarnished without the support of a traditional DB pension plan coupled with their inability to fund a supplemental retirement vehicle, such as a defined contribution plan. I recently had hope that the rising U.S. interest rate environment would bring about a sea change in the use of DB pensions, but I haven't seen the tidal wave yet. That said, the higher rate environment did (could still) provide plan sponsors with the ability to take some risk off the table, but outside of private pensions, I've witnessed little movement away from a traditional asset allocation framework. You see, the higher rate environment reduces the present value cost of those future benefit payments improving both the funded ratio and funded status of DB pensions, while possibly reducing ongoing contributions. Securing those benefits, even for just 10-years dramatically reduces risk.