

# FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION



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### Status and Trends of Unfunded Liabilities of State and Local Pension Funds

By: Oliver Giesecke, Hoover Institution, September 29, 2025

This study analyzes the status of US public pension systems, covering over 90% of public pension assets across states, cities, and counties. At the close of FY 2023, total reported net pension liabilities were approximately \$1.65 trillion, with unfunded liabilities continuing to exceed the size of the US municipal bond market. To stabilize pension systems, state and local governments would need to contribute an additional \$96 billion annually. State and local governments report net pension liabilities of approximately \$1.65 trillion. The liabilities exceed the size of liabilities in the US municipal bond market. Total employer contributions have reached a historical high of \$199.2 billion, equivalent to 21.1% of employee payroll. Despite this increase, the amount still falls \$96 billion short what is necessary to stabilize the pension funding status. While the nationwide situation has marginally improved over the last ten years, the aggregate metrics obscure the degree of financial pressure that some states and cities face.

### Amid Higher Funded Status, Pension Plans Consider Their Options

By Beth Braverman, Plan Sponsor, October 1, 2025

The assets of the 100 largest corporate defined benefit pension plans rose by \$8 billion in August to \$1.29 trillion, and the funded ratio of DB plans increased for the fifth consecutive month to 106.2%, according to data from Milliman. “[The current level of funding] is a significant milestone in the DB space, as the surplus funding gives plan sponsors more options for how to proceed with their plan, whether they want to continue operating their plan on a [liability-driven investment] glide path, enhance contributions to other retirement plans or initiate partial or full pension risk transfers,” says Chris Swansey, an associate director on Cerulli Associates’ institutional team. Milliman research shows the improvement in funded status primarily reflects higher discount rates, which climbed 43 basis points over the past 12 months, rising to 5.53% from 5.1%. The Center for Retirement Research estimated that public DB pension plans also have increased their funded ratio in 2025, with an aggregate 77.77% funded ratio, the highest level in more than 15 years.

### Public pension fund recruiting, retention woes abating — NCPERS, CBIZ survey

By Rob Kozlowski, P&I, October 1, 2025

U.S. public pension funds are continuing to see improvement in the ease of recruiting and retention while wage growth is slowing following a spike attributed to a “needed correction,” according to an annual survey from the **National Conference on Public Employee Retirement Systems** and CBIZ. The 2025 Public Pension Compensation Survey, which surveyed 169 public pension plans with a total of \$6 trillion in assets from April through July, found 57% of plans saying they were having no problems in attracting and recruiting skilled staff, up from 49.3% in last year’s survey. In NCPERS’ previous survey in 2022, only 38% of public pension plans said they were having no trouble with recruiting and retention. “Compared to two years or three years ago, the employment landscape, at least for state and local pension plans, has improved significantly,” said Hank Kim, executive director of NCPERS, in an interview. “That’s not to say that public plans were not monolithic there. For example, there are still some pension plans that may not be located in the financial hub of their state, that continue to have some recruitment concerns relative to investment staff. There is certainly a trend of such plans creating satellite offices in those financial hubs.”

## [Pension funds exploring total portfolio approach must start with culture, governance shifts — CAIA](#)

By Ryan Prete, P&I, October 07, 2025

As CalPERS moves closer to becoming the first public pension fund in the U.S. to adopt a total portfolio approach, other pension funds examining the approach must prioritize internal governance and cultural shifts, according to a new report published by the Chartered Alternative Investment Analyst Association. Chiefly, the report focuses on the need for governance and cultural shifts within boards and portfolio managers, which CAIA CEO John Bowman said are crucial to success in a total portfolio approach. A total portfolio approach treats an entire portfolio as a unified whole, rather than a collection of separate asset classes under a traditional strategic asset allocation. TPA evaluates each investment in real time, based on how it contributes to the total portfolio's overall risk, liquidity, return and long-term benchmarks. The TPA formula calls for a pension fund board to give full discretion for investment decisions to a trusted CIO, while employing a reference portfolio as a wellspring for debate and discussion rather than as shackles requiring prescribed allocations to various asset classes. The total portfolio approach is already employed by overseas counterparts such as Singapore's GIC, which has an estimated \$936 billion in assets, and the C\$731.7 billion (\$534.7 billion) Canada Pension Plan Investment Board, Toronto.

## [Ranked: States With the Strongest Public Pensions in 2025](#)

By Marcus Lu, Virtual Capitalist, October 8, 2025

The funded ratio compares a pension plan's assets to its liabilities, showing how prepared each state is to meet its future retirement promises. A higher funded ratio means a pension plan has more assets set aside to cover future benefits, making it more financially secure. Public pension health varies widely across the U.S., and 2025 estimates shows a clear divide between states with strong fiscal management and those still struggling to meet retirement promises. [Based on 2025 estimates](#), four states remain in a distressed status with less than 60% funding: New Jersey, Illinois, Kentucky, and Mississippi. Illinois is also in a dire situation, with Chicago pensions growing their unfunded liabilities from \$11 billion in 2001, to \$56 billion in 2024. According to Equable, the three primary reasons pensions are falling behind are assumption changes, investment experience, and interest on debt. For example, in 2023, America's public pension plans faced a collective \$1.3 trillion in unfunded liabilities. Of this amount, 36% was due to "assumption changes", which refers to adjustments in key actuarial assumptions. When metrics like life expectancy rise, pension plans must pay their retirees benefits for longer than originally expected. The second major reason, "investment experience", accounts for 29% of the \$1.3 trillion shortfall. Pension plans have faced high investment return volatility since the Global Financial Crisis, making it difficult to manage cash flows. Finally, the third major reason is "interest on debt", representing 22% of the shortfall. Equable reports that America's public pensions have been underfunded for nearly two decades, and interest payments on debt are growing faster than the member contributions they collect. **Florida ranks in the 80-90% pre-funded ratio.**

## [The public pension plans with the most debt, best and worst investment return rates](#)

Reason Foundation, October 30, 2025

**Editor's Note:** This article ranks funds by the worst debt, biggest increase in debt, lowest annual investment returns, and highest annual investment returns.

## [Public pension plans see funding boost to 83%. Yet most systems still 'fragile' or 'distressed,' says Equable](#)

By Palash Ghosh, P&I, October 16, 2025

Long-term pressures still weigh on public pension plans' funded status, including market volatility, rising benefit payments, according to a new Equable report. Equable noted that public pension plans whipsawed from sharp losses in 2022 to strong gains again in 2024 and 2025. The result of this volatility, combined with the fragility of pension funds, has meant unfunded liabilities now remain stubbornly below the levels at year-end 2021, when they reached 83.9%. According to the report called "State of Pensions 2025-October Update," a majority of U.S. state and municipal pension plans are currently in "distressed" or a "fragile" state. The aggregate funding ratio for U.S. state and local retirement systems are projected to improve to 83.1% by the end of 2025, up from 78.1% at the end of 2024, based on data tracked through Sept. 30. Equable also estimates that unfunded liabilities will total \$1.2 trillion for 2025, compared to \$1.5 trillion at the end of 2024. Strong market performance and record high

contribution rates continue to drive positive funding trends in 2025. Preliminary year-to-date investment returns average 8.6% for public pension plans, well above the average 6.9% assumed return target. Within the states, funding ratios and unfunded liability levels continue to vary wildly from state to state. The vast majority of plans have a “fragile” (60% to 90%) or “distressed” (60% or less) funded status. There are 17 states where the average funding ratio is “resilient” (90% or higher), while 30 states have a “fragile” funded status and 4 states are “distressed.” The report gathered data from 253 retirement systems across the country.

**Editor’s Note:** I would hardly call a pension fund that is pre-funded at 85-89% “fragile.”

### **U.S. Trails the Netherlands, Singapore in National Pension Health**

By James Comtois, Institutional Investor, October 16, 2025

America’s pension system still trails global leaders in key measures of adequacy, sustainability, and governance, according to [Mercer and the CFA Institute](#). The retirement systems of the Netherlands, Iceland, Denmark, and Israel all retained their A grade in 2025, Singapore rose to the A ranks for the first time, becoming the only country in Asia to achieve the rating. However, while the U.S. performs relatively well in terms of retirement savings levels, it falls short in areas like funding, resilience to economic stress, and regulatory integrity. The U.S. retirement system currently “ranks in the middle of the pack” globally, getting a C+ rating from Mercer and the CFA Institute. One of the biggest challenges in the U.S. is coverage and participation. While roughly 70 percent of workers have access to retirement plans, only about half actually participate.

### **US Public Pension Funds’ Funded Ratios Rise to Highest Levels in Nearly 4 Years**

By Michael Katz, Chief Investment Officer, October 22, 2025

A robust 1.7% return in September raised the aggregate funded ratio of the 100 largest U.S. public pension funds to 85.4% from 84.2% in August, according to consulting firm Milliman’s Public Pension Funding Index. The funded ratio for large public pension funds rose for the sixth consecutive month and reached its highest funded level since the end of 2021, when it was just 0.1 percentage points higher. Investment returns have also risen each month so far this year, except in March. The total asset value of the plans rose to \$5.657 trillion as of the end of September from \$5.570 trillion a month earlier, as the funds registered approximately \$96 billion in market gains, which far exceeded a net negative cash flow of approximately \$9 billion. The returns also shrank the gap between estimated plan assets and liabilities to \$971 billion from \$1.043 trillion at the beginning of the month. It also was the first time the aggregate deficit fell below \$1 trillion since the end of 2021, when the gap was \$833 billion. As a result of the strong monthly investment returns, which ranged from 0.9% to 2.7%, four additional plans are now more than 90% funded, which brings that total to 45, while 11 of the plans in Milliman’s index remained less than 60% funded. The total pension liability grew to an estimated \$6.628 trillion from \$6.613 trillion the end of August.

### **Canada Pension Fund Sued by Young People Over Climate Risks**

By Olivia Raimonde and Layan Odeh, Claims Journal, October 28, 2025

The Canada Pension Plan Investment Board was sued by a group of young people who claim the pension fund is putting their benefits in jeopardy by mismanaging climate-related financial risks. The plaintiffs, who don’t plan to retire until after 2050, allege in the lawsuit that the country’s largest pension fund breached its legal duties to them by failing to “prudently identify, assess or manage climate-related risks.” The suit also calls out the pension plan for its continued investments in fossil fuels. CPPIB is “flying blind to the real risks of climate change and failing to protect the pensions of young Canadians,” Karine Peloffy, a lawyer and sustainable finance lead at Ecojustice who’s representing the investors. CPPIB said in a statement that it intends to take whatever steps are necessary to uphold the interests of all Canadians who contribute to the pension plan. Climate change is “one of many material factors we consider in managing risk and pursuing opportunities across the whole economy over the long term,” CPPIB added. Groups of young people in several nations have sued governments and major energy companies for allegedly contributing to future climate change or failing to address it. Perhaps the most prominent of these—a case against the US government alleging it had violated their rights to life, liberty and property by encouraging fossil fuel consumption—was dismissed by a federal appeals court in 2020. The U.S. Supreme Court declined to hear the case in March.

## [How 2026 Social Security Changes Could Affect You](#)

By Deirdre Shesgreen, AARP, October 28, 2025

Here's what you need to know about Social Security in 2026. 1. COLA – Inflation has ticked up in recent months, resulting in a 2.8 percent COLA for 2026 for people receiving Social Security and Supplemental Security Income (SSI) payments. That's up from a 2.5 percent COLA in 2025. 2. Medicare premiums – The standard monthly premium for Medicare Part B, which covers doctor visits and other outpatient treatment, is projected to climb 11.6 percent, from \$185 to \$206.50, in January. The final premium hike will be announced later this fall. 3. Paying Social Security taxes – In 2026, you'll pay the tax on work income up to \$184,500 (up from \$176,100 in 2025). 4. Paying taxes on benefits – A new tax break for people ages 65 and older will reduce taxable income by up to \$6,000 for eligible taxpayers. 5. Social Security earnings test – Social Security applies an earnings test to beneficiaries who have not yet reached full retirement age (FRA). In 2026, beneficiaries who will not reach FRA until a later year have \$1 withheld from their Social Security payment for every \$2 in work income above \$24,480 (up from \$23,400 in 2025). 6. Qualifying for benefits – In 2026, you will earn one credit for earnings of \$1,890, \$80 more than the 2025 level, so you bank your maximum of four credits when your work income for the year reaches \$7,560.

## [Investors vie to lead Fiserv stock lawsuit](#)

By Justin Bachmann Payments Dive, October 2, 2025

A South Florida police pension fund and a European-based investment firm want to serve as lead plaintiff in a class-action shareholder lawsuit against Fiserv over the payment behemoth's Clover unit. The motions last month were filed by the **pension fund for police officers in Hollywood, Florida**, along with a competing motion from Ethenea Independent Investors SA of Luxembourg. The officers' pension fund said it lost \$1.67 million on a decline in Fiserv shares, while Ethenea's flagship fund, Ethna-AKTIV, lost \$5.95 million on its Fiserv investment, according to the investment firm's brief. The lawsuit, filed in July in federal court, alleges the payment processor misled investors by failing to disclose it had "forcibly migrated" merchants to its Clover point-of-sale product in late 2023 through the first half of 2024. Fiserv executives made misleading statements about Clover's growth, leading to major share price declines earlier this year after the company revealed shortfalls in Clover payment volumes and overall company revenue growth, the lawsuit alleges.

## [Florida proposal puts bitcoin and ETFs on the menu for state and pension funds](#)

By Kyle Baird, The Block, October 16, 2025

Florida lawmakers have opened the 2026 legislative session with a bid to add bitcoin to the state's toolkit. [House Bill 183](#), filed in the Florida House, would allow the state's chief financial officer to invest up to 10% of money in specified public funds — including the General Revenue Fund, the Budget Stabilization Fund, and various trust funds — in "digital assets" and exchange-traded products. If passed, the measure would also authorize the State Board of Administration to invest up to 10% of the Florida Retirement System's System Trust Fund in digital assets. The bill defines digital assets to include bitcoin, tokenized securities, and NFTs, with strict custody and control requirements. Assets may be held by the CFO, a qualified custodian, or through an SEC-registered ETF.

## [Florida gives backing to Musk](#)

By Jim Turner | News Service of Florida, October 30, 2025

The State Board of Administration, which oversees Florida's pension plan and other investments, is backing Tesla CEO Elon Musk's proposed massive compensation package. "We believe the proposed award continues to promote an aggressive strategy to align incentives between management and shareowners and focuses solely on pecuniary factors and long-term shareowner value creation," the State Board of Administration said in a document filed at the U.S. Securities and Exchange Commission. The document said "performance-based CEO compensation plans have consistently driven extraordinary shareowner value." Shareholders will vote Nov. 6 on Musk's 2025 CEO performance award. The \$1 trillion stock-based plan was approved by the Tesla board in September.

### [Florida ranks last in nation for state worker pay, new report shows](#)

By James Call, Tallahassee Democrat, October 24, 2025

State of Florida employees are the rock-bottom lowest hourly earners in the country, trailing state workers in neighboring Alabama and Georgia by thousands of dollars to rank 51st among the states and Washington D.C. for government pay, according to the online job site ZipRecruiter. Nearly 100,000 state employees handle the paperwork, maintain the facilities, and provide the services that keep the 16th largest economy in the world, and fourth among U.S. states at \$1.7 trillion, humming. But they are compensated with, on average, \$26,000 fewer dollars than workers for Illinois, which has the 5th largest economy and get paid \$39,000 less than the workers in New York, who provide services for the third largest economy in the U.S. Florida runs the leanest government, employing 96 people per 10,000 residents compared to the national average of 198, and is paying them the least amount of money in the nation.

### [Uncertainty versus Change](#)

By: Russ Kamp, CEO, Ryan ALM, Inc., October 28, 2025

Seems like we have a conflict within the management of defined benefit plans. On one hand, human beings (plan sponsors) despise uncertainty. But nearly all public DB pension plans are embracing uncertainty in how they are managed. How? Through a traditional asset allocation framework that focuses the fund's assets on a performance objective – the return on asset assumption (roughly 7% for the average public plan). Each second that the capital markets are operating, uncertainty is abundant, as price movements are out of one's control. So, let's change how plans are managed. Not so simple, as those same human beings hate change. Oh, boy. I have the privilege of speaking at the NCPERS Fall conference tomorrow. The title of my presentation is "Bringing an Element of Certainty to Pension Management". Folks should absolutely eat up this topic, but given the conflict cited above, it will be interesting to see if the trustees in the audience embrace the concept of achieving some certainty despite having to implement change to their current operating practices. Given that both uncertainty and change are difficult for humans, what are we to do? Well, psychological research suggests that uncertainty is generally more challenging because it disrupts our ability to predict, control, and prepare for outcomes, and in the process it triggers more anxiety and stress than change itself