

FLORIDA PUBLIC PENSION TRUSTEES ASSOCIATION



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State And Local Pensions Must Confront AI's Systemic Risks

By John Kostyack, Forbes, November 2, 2025

Stock prices are soaring due to investor enthusiasm about the potential for Generative AI to transform the economy. Dismissing concerns about GenAI's lack of profitability to date, many investors are celebrating. But pension fiduciaries, charged with protecting the financial security of workers and retirees, do not have the luxury of complacency. Their duties of prudence and loyalty require assessing and mitigating risks, and GenAI unquestionably poses portfolio-wide risks. One of those risks is the U.S. tech industry's approach to building data centers for GenAI, which is poised to sidetrack the U.S. economy's transition to clean energy and undercut progress on greenhouse gas emissions reduction. Although forecasts of the scale of data center buildout vary widely, anything near this projected scale has enormous climate implications. The most obvious concern is the emissions generated in powering the massive hyperscale complexes, which are being designed to consume as much as 2 gigawatts (GWs) of power—roughly 15 times the capacity required by the entire city of Philadelphia during summer peak load. According to energy analyst Rystand's 2025 review of industry announcements, data centers consuming up to 100 GWs of power could come online in the next 10 years. Much of this power would come from gas-fired power plants. A second concern is that the capital available for building infrastructure is finite, and hyperscale data centers are diverting resources away from electrifying heavy industry, buildings, and transport, and powering these sectors with clean energy.

US Public Pension Market Bubble Exposure Remains High

Fitch Wire, November 3, 2025

Robust market valuations in recent years have supported funding progress for U.S. state and local defined benefit pension plans. However, public pensions remain underfunded and fundamentally exposed to market volatility. A market shock could increase the burden of state and local pension liabilities and drive contributions higher, says Fitch Ratings. Governments with weaker liability metrics and high carrying cost burdens could be most vulnerable to rating pressure. Post-global financial crisis, plan sponsors took various policy actions such as reducing benefits to new employees, using more conservative actuarial assumptions and discount rates, and increasing contributions. This helped stabilize plans and support funding improvement. But other trends, including higher allocations to alternative investments and steady demographic weakening, could amplify the effects of a market shock. According to the Public Plan Database, alternative investments outside of traditional equity, fixed income and cash were 34% of pension portfolios in fiscal 2024, double the fiscal 2008 level. Allocations to increasingly complex categories of alternatives can include leverage or variable rate strategies that expose investors, including pensions, to greater losses. Many of these alternatives have not yet been tested in a downturn. The illiquidity of many alternative investments could also force plans to sell marketable assets at a loss to meet benefit or other obligations, such as capital calls.

[50 Best Retirement Cities for the Middle Class](#)

By T. Woods, GO Banking Rates, November 3, 2025

As housing prices and cost of living continue to escalate, retirement stability for the middle class appears to have decreased. Before you begin to worry that your golden years could be unaffordable or strained, take note: GOBankingRates has compiled the 50 best and most affordable retirement cities for the middle class. To find these cities, GOBankingRates selected locations with populations above 15,000 (with at least 25% of people over age 65) with average home values under \$500,000. Scouring those cities, GOBankingRates also calculated the cost of living in each and balanced that against the average annual Social Security benefits and other retirement income. **Florida** is America's retirement hot spot: Of the top 50 best retirement cities for the middle class, 26 of them are in The Sunshine State — far more than any other state in the union.

[401\(k\) limit increases to \\$24,500 for 2026, IRA limit increases to \\$7,500](#)

IR-2025-111, November 13, 2025

The Internal Revenue Service announced that the amount individuals can contribute to their 401(k) plans in 2026 has increased to \$24,500, up from \$23,500 for 2025. The IRS today also issued technical guidance regarding all cost-of-living adjustments affecting dollar limitations for pension plans and other retirement-related items for tax year 2026 in Notice 2025-67 PDF, posted on IRS.gov. The annual contribution limit for employees who participate in 401(k), 403(b), governmental 457 plans is increased to \$24,500, up from \$23,500 for 2025. The limit on annual contributions to an IRA is increased to \$7,500 from \$7,000. The IRA catch-up contribution limit for individuals aged 50 and over was amended under the SECURE 2.0 Act of 2022 (SECURE 2.0) to include an annual cost-of-living adjustment is increased to \$1,100, up from \$1,000 for 2025. The catch-up contribution limit that generally applies for employees aged 50 and over who participate in most 401(k), 403(b), governmental 457 plans is increased to \$8,000, up from \$7,500 for 2025. Therefore, participants in most 401(k), 403(b), governmental 457 plans who are 50 and older generally can contribute up to \$32,500 each year, starting in 2026. Under a change made in SECURE 2.0, a higher catch-up contribution limit applies for employees aged 60, 61, 62 and 63 who participate in these plans. For 2026, this higher catch-up contribution limit remains \$11,250 instead of the \$8,000 noted above.

[Corporate Pension Funding Continues 7-Month Hot Streak](#)

By Emily Boyle, Plan Sponsor, November 14, 2025

October was the seventh consecutive month of positive news for corporate pension funding, driven by strong investment returns. The funded status of the largest 100 corporate defined benefit plans increased to 107.1% in October from 106.5% in September, according to the Milliman 100 Pension Funding Index. The market value of plan assets increased to \$1.328 trillion as of October 31, up \$10 billion from the September total.

[CalPERS set to vote on becoming first U.S. public pension fund to adopt total portfolio approach](#)

By Ryan Prete, P&I, November 14, 2025

CalPERS is set to vote on the adoption of a total portfolio approach, a move that would make it the first U.S. public pension fund to fully embrace the strategy. Ahead of the Nov. 17 vote, [presentation materials](#) for the investment committee of the \$584.1 billion California Public Employees' Retirement System, Sacramento, restated the [recommendations set forward by CalPERS CIO Stephen Gilmore](#). Gilmore and his team recommended that the pension fund move

from 11 asset class benchmarks to a single “reference portfolio” made up of 75% equity/25% bonds, a slight change from the current 72/28 reference portfolio implemented under the traditional strategic asset allocation. Gilmore also recommended including an active risk limit of 400 basis points — which is a limit on management’s discretion to pursue value-adding and risk-mitigating strategies, including new asset classes. Presentation materials stated that the current SAA policy’s combined ranges were about 450 basis points. Additionally, the recommended discount rate would remain unchanged at 6.8%. A total portfolio approach manages the fund as one integrated portfolio rather than siloed asset classes, giving the CIO broad discretion while using a reference portfolio as a guide for overall risk, return and liquidity.

Florida must stay the course to pay for promised pension benefits

By Zachary Christensen and Steve Wu, Reason Foundation, November 17, 2025

Florida’s retirement system for public workers is estimated to be 17 years away from eliminating expensive pension debt. However, this result will depend significantly on market outcomes. A recession during that period could undo years of progress and drive-up costs for government budgets and taxpayers. Lawmakers in the Sunshine State need to stay the course and resist the temptation to add to pension promises while they remain several years away from being able to fund existing promises fully. A new analysis by Aon Investments USA Inc. predicts that the Florida Retirement System, FRS, is on track to eliminate all unfunded pension liabilities by 2042. Lawmakers reformed the system in 2011 by introducing a defined contribution (DC) option called the Investment Plan, and subsequently made it the default retirement plan for most new hires in 2018. These reforms have helped FRS make progress in closing what was a nearly \$40 billion funding shortfall after the Great Recession. The latest reporting from FRS now gives the system an 83.7% funded ratio (up from 70% in 2009), indicating that the state has made progress but still needs to stay the course to return to its pre-recession, full funding status. According to Reason Foundation, one bad year in the market (0% returns in 2026) would essentially undo that progress, bringing the system’s unfunded liabilities back to an estimated \$40 billion overnight.

Most public pension contributions go toward paying off debt, not funding benefits

By Mariana Trujillo, Reason Foundation, November 18, 2025

State and local governments have been making higher pension contributions to their employees’ pension funds, but not because public pension benefits have become more generous. Instead, growing debt from past underfunding of pension benefits has largely driven the increase in contribution rates. Today, the majority of contributions made to public pension systems go toward amortizing unfunded liabilities rather than funding the benefits promised to current employees. One way to evaluate the burden of pension contributions is to measure their size in comparison to payroll. Between 2014 and 2024, average pension contributions by state and local governments rose from 23% to 29% of payroll—a 26% increase. The median pension contribution rate as a share of payroll in 2014 was 22%; in 2024, it was 26%.

Editor’s Note: Among Florida’s 483 local defined benefit plans, the percentage of the city’s contribution going toward the unfunded liability is 45%. Part of that reason could be the state law mandates a full contribution to the pension plan each year by the local government, as determined by the actuary.

[My View: When heroes retire, who protects them?](#)

By Charles Gambaro, Observer, October 31, 2025

Last month, I met a retired Volusia County firefighter who spent 28 years running into burning buildings. He told me something that breaks my heart: at 54, he's working night shifts at a warehouse, not because he wants to, but because he needs health insurance. His pension doesn't start covering health care until he's 65. That's an 11-year gap where this hero has to choose between medical care and making ends meet. Florida has over 75,000 law enforcement officers and firefighters. Many face mandatory retirement in their early 50s. Now imagine them at 52, healthy enough to enjoy retirement but stuck paying \$1,800 a month for private insurance. That's \$21,600 a year that is often half their pension. These aren't numbers on a spreadsheet. These are our neighbors. The woman who delivered your baby when you couldn't make it to the hospital in time. The officer who talked your kid out of making a terrible mistake. The firefighter who saved your dog from that house fire. Senators from both parties have introduced legislation allowing retired first responders to buy into Medicare starting at age 50. Not a handout. A buy-in. They'd pay premiums just like anyone else, with help from tax credits, and employer contributions. Congress could also boost the current \$3,000 annual tax break for retired first responders to buy health insurance, perhaps taking it to \$12,000 or \$15,000.

[Court revives Florida Power & Light fraud lawsuit](#)

CBS Miami, November 21, 2025

A federal appeals court revived a securities-fraud lawsuit that alleges Florida Power & Light and its parent company made misleading statements about issues such as funding "ghost" candidates to influence elections. A three-judge panel of the 11th U.S. Circuit Court of Appeals overturned a decision by U.S. District Judge Aileen Cannon that dismissed the potential class-action lawsuit filed by investors. The stock price of NextEra Energy, FPL's parent, plunged in January 2023 after the company made disclosures in U.S. Securities and Exchange Commission filings about issues such as legal risks related to allegations of political misconduct. The plaintiffs contend that NextEra and FPL had earlier made misleading statements about the issues. The lawsuit, whose lead plaintiffs are the **City of Hollywood Police Officers Retirement System and the Pembroke Pines Firefighters & Police Officers Pension Fund**, was filed in May 2023. A key issue is what is known as "loss causation" — whether losses were caused by alleged misstatements.

[Florida lawmakers need to be aware of long-term pension strategy](#)

By Zachary Christensen, Adrian Moore, Steven Vu, Observer, November 12, 2025

Florida has \$71.82 billion in debt, making it the 10th most indebted state in the nation. Sarasota County is over \$1.5 billion in debt, the city of Sarasota over \$412 million, and the Sarasota County School District is \$724 million. That's a lot of debt. The flagship fiscal proposal from Governor DeSantis this year is to ask voters to approve an elimination of property taxes. He has not been clear about what spending cuts would balance out this massive tax cut, not least because property taxes mostly go to local governments, and they will be the ones forced to cut spending. It is safe to say that the idea of increasing pension costs on Florida's local governments while simultaneously facing the prospect of reduced property tax revenue is ill-advised. Through prudent reforms, Florida has made some laudable progress in improving the funding of its pension system. They are still several years away from achieving the end goal of all these efforts, and any level of market turbulence would push the finish line out by decades. Policymakers need to be aware of Florida's long-term pension strategy and avoid any proposals to add to the costs and risks imposed on taxpayers through new pension benefits.

Florida State Board adds 72 universities, countries, U.S. cities to expanded Israel boycott list

By Rob Kozlowski, P&I, November 7, 2025

Florida State Board of Administration has added 72 entities, including colleges and universities, foreign governments, U.S. and international cities and nonprofit organizations, to its list of “Scrutinized Companies or Other Entities that Boycott Israel.” The additions were effective Sept. 30 and were the result of a bill signed by Gov. Ron DeSantis on June 26 that expanded the state’s existing 2016 law. That law prohibited the SBA from acquiring direct holdings of “companies that participate in a boycott of Israel including actions that limit commercial relations with Israel or Israeli-controlled territories in a discriminatory manner.” The bill, CS/CS/SB 1678, expands the list to include “other entities” which consists of “an educational institution, a nonprofit organization, an agency, a local governmental entity or unit thereof, or a foreign government, including any of its public investment funds, public pension funds, sovereign wealth funds, or other government-sponsored investment funds.”

Milliman: Public Pension Funding Improves Once More!

By: Russ Kamp, CEO, Ryan ALM, Inc., November 24, 2025

Milliman has published an update for their Public Pension Funding Index (PPFI), which analyzes data from our nation’s 100 largest public DB pension plans, and the news continues to be positive! For the seventh straight month, the PPFI funded ratio improved in October, rising from 85.4% as of September 30, to 86.3% as of October 31. This reading eclipses the previous mark of 85.5% set back in 2021. Since liabilities are “fixed” and not factored into month-to-month measurements, only the return on the PPFI funds’ assets determines the change in the funded status/ratio. October’s collective return was strong at roughly 1.0%. As a result, assets within the PPFI increased by \$64 billion leading to a decline in the deficit between plan assets and liabilities, which now stands at \$907 billion. As a reminder, the liabilities are not measured using a market rate, as they are in valuing private DB pension plans. Given the current level of U.S. interest rates, public pension liabilities are likely understated.

Man Dresses as His Dead Mother in *Mrs. Doubtfire*-Style Scheme to Collect \$60,000 Pension, 3 Years After Her Death

By Escher Walcott, People Magazine, November 25, 2025

An Italian man is being investigated after he dressed up as his deceased mother in a pension scam. The 56-year-old man disguised himself as his mother, 85-year-old Graziella Dall'Oglio, in a blouse and skirt, lipstick and a short brown wig in a *Mrs. Doubtfire*-style scheme to collect his mother’s pension after she died in 2022, the Italian newspaper *Corriere della Sera* reported. The unidentified man was a former nurse and is currently unemployed. He never reported his mother’s death and continued to claim €53,000 (\$60,000) of her survivor's pension from her late husband and income from the family's real estate and land, according to the outlet.