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Really, WSJ?

By: Russ Kamp, CEO, Ryan ALM, Inc., August 4, 2026

The WSJ's editorial board recently published an article based on a new report from Equable Institute highlighting AI's positive contribution to public pension plans (public workers) and the taxpayers that fund the pensions. This assessment is based on the fact that the AI "market boom" specifically and NASDAQ's performance generally have continued to generate outsized returns despite so much global uncertainty. The market's strong performance has boosted the funded ratios of government pension funds, which Equable estimates hit 85% nationwide this year—the highest level since 2007. Equable estimates that roughly 8% to 10% of government pension funds are benefiting from their investments in about 50 publicly traded AI-related companies. Their analysis doesn't include investments in privately managed funds that own stakes in private AI companies like OpenAI and Anthropic. Equable highlighted the fact that while AI is yielding positive returns for pension funds, the magnitude of the outperformance also bears a warning. They claim that nearly 32% of every $ going into a pension plan is paid by the employers (aka taxpayer), and that should the AI bubble burst, it could lead to significantly higher taxpayer contributions. The WSJ stated that some AI company valuations may be stretched in the current boom and could be in for a correction. They also mentioned that government policies that seek to slow AI including robot taxes and data-center moratoriums—could stifle the boom.

If that correction becomes reality, taxpayers would be stuck paying much bigger pension bills, which could force worker layoffs as happened after the 2008-09 Great Financial Crisis. They claim that it would be better for governments to move workers to 401(k)-style plans that reduce the risk for taxpayers and give public workers a direct stake in the success of AI and other companies. So let me get this straight: the WSJ editorial board is concerned that a potential AI correction might just happen because of stretched valuations leading to greater taxpayer funded contributions, so to minimize that potential risk, it would be better to shutter public pension plans and force public sector workers into DC-like programs. If they are concerned that valuations are stretched perhaps leading to a correction, why would they want public workers to have a direct stake in the "success" of AI and other companies? I'm sorry, have the folks at the Journal not seen the median account balances for those in DC-styled plans? Do they understand that asking workers – public or private – to fund, manage, and then disburse a "retirement" benefit with little disposable income, no investment acumen, and no crystal ball to help with longevity issues is just silly? Do they not also realize that the public sector workers (roughly 20 million) pay taxes, too. They also buy things which leads to economic activity and job growth. Do we really want our Senior population sitting on the economic sidelines because they can no longer afford to participate? We've already messed up retirement for a good portion of the private sector. Enough is enough!

[Social Security is becoming the primary retirement plan for many Americans. But it's rarely enough money.]

By Kerry Hannon, Yahoo Finance, August 4, 2026
Social Security pays, on average, about $25,000 a year in retirement benefits — hardly enough to live on comfortably. But according to a new survey, more than 4 in 10 workers aged 55 and older expect Social Security to be their primary source of retirement income. More than 7 in 10 workers surveyed report being off track in their retirement savings goals, and 46% say they are "deprioritizing" retirement savings or are unable to save at all. In other words, workers are hunkered down, shelling out their paychecks for essential expenses like housing and healthcare, rather than setting aside a portion in a long-term retirement savings account. That present reality is understandable; however, relying on Social Security as your fallback raises serious concerns for your future financial health.

[Public pension managers urge SEC against scrapping climate disclosures]

By Jean Chemnick, E&E News, August 4, 2026
Officials managing the portfolios for public pension funds in Democrat-led states and cities are urging the Securities and Exchange Commission not to repeal a Biden-era rule requiring publicly traded companies to inform investors about climate emissions and risks, saying retirement systems need that information to be readily available. Nina Chen, who serves as senior climate finance officer under New York City comptroller, said in an interview with POLITICO that SEC disclosures would give investors information about climate risks that might affect investment returns — and any plans to manage those risks.

[Public pensions embrace AI with caution and human oversight]

By Alan Goforth, Benefits PRO, August 5, 2026
Although public pension leaders continue to place a premium on human judgment and risk management, they are optimistic about the future of artificial intelligence. "What our research shows is that pension leaders are approaching AI thoughtfully and responsibly," said **Hank Kim, CEO** of the trade association **NCPERS**. "Public pension systems manage sensitive member data, oversee significant assets and operate under important fiduciary obligations The goal is not simply to adopt AI, but to implement it in ways that strengthen service, improve efficiency and maintain the trust of members and retirees." "The data suggest public pension systems are taking a pragmatic approach to AI," said Matt Eckel, director of research at NCPERS. "Leaders see clear opportunities to improve productivity and service delivery, but they're also asking important questions about governance, accountability, cybersecurity and internal expertise. Perhaps the most significant finding is that the overwhelming majority of respondents continue to view AI as a tool to support human decision making, not replace it."

[U.S. Public Pension Funds Consider AI for Productivity Uses]

By Emily Boyle, Chief Investment Officer, August 6, 2026
As artificial intelligence influences more day-to-day operations across investment organizations, public pension fund sponsors report being cautious about its use for investment functions and plan administration, according to a recent National Conference on Public Employee Retirement Systems study. The NCPERS research brief, [“AI Adoption and Strategy in Public Pension Administration,”] found that 58% of DB plan sponsor respondents reported being “optimistic or very optimistic” about AI’s impact on DB administration over the next decade. Some 63% of respondents cited a “lack of in-house technical expertise to evaluate or oversee AI tools” as their top barrier to AI expansion. Among all respondents, 43% said their top risk concern is cybersecurity vulnerabilities from AI systems or vendors.

[Another public pension fund set to cut public equity, raise private markets exposure]

By Rob Kozlowski, P&I, August 6, 2026
In the past two years, a number of U.S. public pension funds have reduced their targets to public equities

in order to raise exposure to private markets, and the Dallas Police & Fire Pension System looks set to follow that trend. As public pension funds have increased their exposure to private markets, some have funded those higher targets by reducing targets to public equities. Among the changes in the last several years are: **The Florida State Board of Administration,** Tallahassee, in 2023 reducing its global equity target for the $229.6 billion Florida Retirement System Pension Plan to 45% from 53%, which allowed for the creation of a new 7% target an active credit asset class that holds both private and public credit strategies.

Popular DROP program could be dropped for new public employees

By Christine Sexton, Florida Phoenix, August 11, 2026
Put this on the radar for 2027 legislative session: A business-backed advocacy group is recommending sweeping changes to a popular retirement option for Florida state workers that has been used to keep experienced employees on the job longer. But TaxWatch is recommending DROP either be closed off to public employees at some future date or limited to certain workers when there is a documented shortage such as teachers, law enforcement officers, or firefighters. Since Republicans assumed control of state government, there have been multiple efforts to privatize or limit participation in Florida's retirement programs for public employees. Over the years, the Florida Retirement System has been broadened to allow workers to choose a traditional pension plan or an "investment plan" that functions like private sector 401(k) retirement accounts.
But attempts to close off the traditional pension plan have witnessed fierce resistance. The 2023 bill (SB 7024) increased the guaranteed interest rate payments in the DROP program. This past year, the Legislature restored cost-of-living adjustments to retired special-risk employees including firefighters and law enforcement officers.
Editor's Note: Here are two opposing comments from readers. *"This article is not accurate. The DROP program was originally started to encourage employees to enter retirement at the minimum retirement age instead of continue to work forever increasing their benefits. The program itself does not cost taxpayers money as it uses the employees retirement money stopping any further accumulation of service time." "As it should. Revamp all public pension plans and move all employees to employer sponsored 401k type plans with xx% matching. That will eliminate the retirement liabilities and make budgeting and bargaining much easier."*

Public pensions: let's substitute facts for impressions

By David Kornwitz, Retired Pension Actuary, The Swellesley Report, August 14, 2026
A recent Boston Herald article highlighting some of the largest public pension payments in Massachusetts understandably produced eye-catching numbers. A retiree receiving $200,000, $250,000 or even $300,000 a year is going to attract attention. But those numbers, standing alone, create a misleading impression about what public pensions actually cost taxpayers. Perhaps the most important missing fact is what Massachusetts public employees themselves pay for their retirement benefits. Most employees hired since 1996 contribute 9% of regular compensation, plus another 2% of compensation above $30,000. For most career employees, that means more than 10% of their salary is mandatorily contributed to the retirement system every year for decades. An employee earning $100,000 contributes $10,400 that year. At $150,000, the contribution is $15,900. And those contributions are invested. A $200,000 annual pension does not mean taxpayers are paying $200,000 a year to provide it,
Editor's Note: Excellent analyses of how pension funding grows and should be looked at by everyone. Also note, that a $200,000 annual pension in Massachusetts **does not include Social Security** – so if you subtract what they could have received as an annual Social Security amount (a high-wage earner may get as much as $45,000 annually), the pension does not look that high.

A New Story Underlies July Corporate Pension Funding Gains

By Emily Boyle, Chief Investment Officer, August 17, 2026

The funded status of the 100 largest U.S. corporate defined benefit plans "swelled" to 112.1% in July—a 25-year high—due to a 41-bps discount rate increase, according to Milliman Inc.'s Pension Funding Index. Discount rates rose to 6.02% in July from 5.61% in June, reducing plan liabilities by $52 billion, a much bigger drop than the $27 billion in plan assets lost in worse-than-expected market returns. In January, April and May this year, funded status improvements were driven primarily by investment returns. In July, however, higher interest rates and wider credit spreads caused losses in the bond holdings of pension plans, but the impact was "more than offset" by the gains the same two factors drove on the liability side of the balance sheet. Discount rates began the month at 5.34% and rose to a high of 5.75% at month-end. Ten-year Treasury yields rose by 24 basis points, AA-rated long corporate bond spreads widened by 8 bps, and other discount curve rates increased by 9 bps.

Op-Ed: Public pensions bet underfunded retirements on private credit's riskiest corner

By Jay Rogers, Opinion, Aug 17, 2026

Equable Institute reported on July 23 that America's state and local pension systems have reached their best-funded status since 2009. Trustees will read that as vindication for a decade of reaching into private credit for extra yield. I spent years underwriting exactly this kind of loan before Wall Street gave it a retail-friendly name, and vindication is not the word I would use. Unfunded liabilities still total $1.13 trillion. A system can improve every year for a decade and still owe more than a trillion dollars it does not have, and several of the pension systems chasing that improvement now sit with allocations to the same private credit funds that spent the first half of 2026 capping investor withdrawals, a built-in limit meant to stop a manager from dumping illiquid loans into a falling market, well below what was requested. The reach happened fast. Pensions & Investments' annual survey found that defined-benefit funds among the 200 largest U.S. retirement plans held $198.4 billion in private credit as of Sept. 30, 2024, up 57.2% from $126.2 billion a year earlier and roughly 7.6 times what they held five years before. That is not a gradual reallocation. It is a stampede into a still-maturing corner of credit markets, timed almost exactly with the retail boom in the same funds now facing redemption pressure. Public pension reporting shows commitments to managers and broad asset-class targets. It does not routinely show a fund-by-fund map of exposure to Blackstone's BCRED, Blue Owl's OCIC and OTIC, or Apollo's Debt Solutions BDC, the specific vehicles that spent the first half of 2026 capping withdrawals well below investor demand. A trustee who cannot answer whether the system's book overlaps with a gated fund is not exercising oversight. They are hoping on the public's dime. For public money already short by $1.13 trillion, hope is not a fiduciary standard, and it should not be the one we accept.

The share of pension fund assets exposed to "valuation risk" has tripled since the Global Financial Crisis.

By Jeff Lipton, The Bond Buyer Market, August 24, 2026

Public pension fund-related risks have been incorporated into the analysis of municipal securities with evolving depth throughout a multi-phase life cycle. As a baseline, the analytical mindset throughout the decade of the 1990s did not view public pension liabilities on a level playing field with the fiscal obligations of conventional bond debt. While consideration was given to governments' ability to make required contributions and the attendant effects on budgetary operations, bond pricing disproportionately weighed the metrics of associated obligor debt, with secondary consideration given to unfunded pension obligations. Throughout the 1990s, the equity markets enjoyed strong performance — the key driver behind material improvement in pension funding levels — the likely rationale for a less concentrated focus on public pensions. This article looks at the journey public pension risk has taken over the past three and a half decades and its metamorphosis from a general financial disclosure-centric consideration to a debt-like credit attribute that now focuses on asset-allocation as part of a government's — or revenue enterprise unit's — investment strategy. The basic mission of a public pension fund is to capture sufficient returns to meet employee benefit obligations. The question we must ask is: are pension funds accumulating concentrations of correlated risks that may not be obvious in conventional asset-allocation reporting and are these exposures being booked without triggering potentially higher governmental pension contributions?

Public Pensions Reach Strongest Fiscal Sustainability Position in More Than 20 Years

NCPERS Research Update, 2026

Public pensions have reached their strongest fiscal sustainability position in more than 20 years as they continue to make significant progress towards aligning long-term pension obligations with the economies that support them. NCPERS' new research shows that in 2018, 45 states had pension liabilities growing faster than their economies. Today, that number has fallen to just two. Measuring the Fiscal Sustainability of Public Pensions builds on NCPERS' sustainability valuation framework, introduced in 2022 as a complement to traditional pension funding measures. Much as a homeowner evaluates a 30-year mortgage against decades of income rather than a single year's paycheck, the framework allows pension liabilities to be evaluated against long-term economic capacity. The report also includes a comprehensive state-by-state sustainability analysis covering 2002 through 2024, allowing stakeholders to compare pension obligations, economic capacity, and long-term trends across all 50 states.

80% of Americans Say U.S. Faces Retirement Crisis Amid Affordability Pressures and Debt; Americans Wary of AI Financial Advice and Crypto in Retirement Plans

By Barb Butrica, Dan Doonan, Kelly Kenneally, NIRS, August 26, 2026

As affordability pressures squeeze household budgets, Americans increasingly fear they will not be financially secure in retirement, while also expressing caution about artificial intelligence and cryptocurrency in retirement planning, according to a new national public opinion report, Retirement Insecurity 2026: Americans' Views of Retirement. The research finds that 80% of Americans say the nation faces a retirement crisis, up sharply from 67 percent in 2020. Additionally, more than six in ten Americans (61 percent) are concerned they will not achieve financial security in retirement. Americans also want policymakers to pay greater attention to the issue. Eighty-four percent say leaders in Washington do not understand the retirement savings challenges facing Americans, while 85 percent say policymakers should make retirement security a higher national priority, up from 76 percent in 2020. "Americans are telling us that retirement security is becoming harder to achieve as they struggle with the affordability of everyday life. Housing, healthcare, debt and other expenses are competing with the need to save for retirement. At the same time, Americans are confronting new questions about AI and cryptocurrency as the retirement landscape becomes increasingly complex," stated Dan Doonan, Executive Director, NIRS.

Look beyond funded ratios for hidden pension risks

By Pension Policy International, August 25, 2026

Pension funding risk has evolved into a structural debt obligation having minimal impact on yield levels. Public pension fund risk assessment stands at the intersection of investment management practices and a municipal credit evaluation process for governments and revenue enterprises that prioritizes funding discipline and fiscal capacity. A well-crafted pension funding and investment strategy should not trigger higher government pension contributions and disproportionate risk-taking by the pension plan. While a public pension plan may seem suitably diversified across public and private equity, private credit, fixed income, real estate, infrastructure, commodities and venture capital, correlated exposures can be hidden by the veil of diversification. Pension plan disclosure has greatly improved over the past three and a half decades, but the analytical complexities have expanded. This necessitates a more modernized presentation of disclosure standards and requirements, and there needs to be a fresh reasoning of what constitutes a material pension development. This article looks at the journey public pension risk has taken over the past three and a half decades and its metamorphosis from a general financial disclosure-centric consideration to a debt-like credit attribute that now focuses on asset-allocation as part of a government's — or revenue enterprise unit's — investment strategy. The basic mission of a public pension fund is to capture sufficient returns to meet employee benefit obligations.

About Time!

By: Russ Kamp, CEO, Ryan ALM, Inc., August 28, 2026
Yesterday, there appeared a P&I article with the headline: "Ohio State Teachers says beating peers isn't the point — paying benefits is" YESSSSS! The only reason that a defined benefit pension plan exists is to fund a promise given to the participant. Managing a pension plan isn't about achieving an ROA or beating a hybrid total fund index or eclipsing the performance of a peer group (silly concept). It is truly only about SECURING the liquidity necessary to match and fund benefits (and expenses) when they come due! The pursuit of a return objective has only guaranteed volatility and NOT success. That is volatility of returns, contributions, and funded status. It is time to get off the performance rollercoaster. The higher U.S. interest rate environment is providing plan sponsors with a great opportunity to de-risk and enhance liquidity through cash flow matching (CFM), which is designed to secure the liability cash flows (benefits and expenses) through the careful matching of asset cash flows (principal and interest) from bonds.

Mayor Deegan's budget includes record $209 million payment for police and fire retirement debt

By Molly Farrar, Florida Trib, August 27, 2026
The Jacksonville City Council's finance committee last week signed off on a record $209 million payment toward the police and firefighter's pension's massive $3 billion debt, as the fund's financial health has deteriorated to one of its worst-ever states. That payment, in addition to Mayor Donna Deegan's proposed billion-dollar police and fire budget, means costs for police service, fire protection and public-safety retirement costs make up more than 63 percent of the city's entire $2 billion general fund. With the threat of Amendment 3 looming – a proposed property tax cut on the November ballot that could gut the city's general fund by $300 million the first year – the City Council's finance committee has voiced the need to cut. Each year, the city is obligated to make a contribution to the Jacksonville Police and Fire Pension Fund. Those costs skyrocketed in the aftermath of the Great Recession as the fund's investment returns took a dive, leaving city officials scrambling to make higher pension payments while still funding quality-of-life services.

Keeping competitive

By Jennifer Hunt, Ocala Gazette, August 12, 2026
The City of Ocala has reached a tentative three-year collective bargaining agreement with the Professional Firefighters of Ocala (IAFF Local 2135), marking a baseline pay raise for municipal firefighters as the regional race to recruit and retain first responders reaches a fever pitch. **Pensions**: The contract provides a finalized structure for the local Ocala Firefighter Retirement Plan, managed by the Ocala Firefighter Pension Board of Trustees. Under Article 22, the city agrees to fund the plan based on actuarial requirements, mandating that the first $200,000 in Chapter 175 premium tax revenues received each year go directly toward reducing the city's annual required pension contribution. Any revenues exceeding that $200,000 threshold will be split equally, with 50% applied to reduce the plan's unfunded actuarial accrued liability and the other 50% deposited directly into a dedicated cost of living allowance fund to protect retirees.

[Florida AG demands access to New York Times internal documents amid biased coverage report]

By Charlotte Hazard, KATU2, August 10, 2026

Florida Attorney General James Uthmeier demanded access to The New York Times' internal board documents after the outlet admitted to making mistakes when covering the Oct. 7 Hamas attack on Israel. Uthmeier as the state's attorney general serves as legal counsel for Florida's Board of Administration which oversees state pension funds. Uthmeier said that ever since the newspaper got rid of its independent public editor, it admitted that many published articles did not meet the standards for publishing, specifically about the Hamas attack on Israel almost three years ago. He explained that The New York Times brands itself as an unbiased publication to investors.

[Disappearing pension: How town missed payments for five months]

By Joel Engelhardt, Stet News Palm Beach County, August 28, 2026

A brazen error in handling employee pension money has drawn harsh criticism of the Lake Park town manager, who assures residents and the town's 60-plus employees that the mistake has been rectified. Hanging over the uncertainty of a town torn by disputes involving a lucrative waterfront development deal is an unfinished investigation started in November by the Palm Beach County inspector general about the pension debacle. The outcome could become a wedge to oust Rich Reade, the town manager for 20 months, as he has clashed with Forest Development, the town's largest developer, which sued the town over the waterfront deal. But Reade has maintained support from a majority of the Town Commission as he parries allegations that he lied about what he knew about the pension problem. He has reported to the commission that as soon as he found out in November, he fixed the problem. At issue is the town's migration from a pension overseen by Corebridge Financial to enrollment in the Florida Retirement System, which should have happened in July 2025. Emails gathered by a whistleblower and a former town administrator, reviewed by Stet News, show that for months town employees didn't have access to their pension accounts and no one could tell them why.