



## 2025 RETIREMENT SECURITY REPORT

# Private assets deliver the strongest returns for retirees across America





Private equity returns ensure that tens of millions of dedicated public servants can depend on a pension to support their well-deserved retirement.



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## A MESSAGE FROM AIC PRESIDENT & CEO WILL DUNHAM

July 2025

Every day, communities across the country depend on the dedication and sacrifice of public servants. From the police officers and firefighters who respond in our times of greatest need, to the schoolteachers who educate the next generation, public servants are the driving force keeping our communities safe and strong. In return, they deserve the certainty that their retirements will be secure and ready when they need them.

Year after year, private equity has outperformed every major asset class over the long term, offering steady, reliable, and robust returns even during periods of economic volatility. That's why retirement systems and public pension funds nationwide continue to rely on private equity to bolster their returns. In an increasingly complex investment environment, where public markets remain unpredictable, private equity's consistency matters more than ever.

The American Investment Council is proud to release our *2025 Retirement Security Report*, which examines the role private equity plays in the portfolios of the country's largest public pension funds. This year's findings confirm a clear trend: private equity remains a key driver of retirement security. In 2025, more than 89% of public pension funds allocated a portion of their portfolio to private equity. These funds support more than 34 million public sector workers and retirees.

The top performers this year underscore the power of long-term investment. The Vermont Pension Investment Commission led the field with a 10-year annualized return of 18.82%. The Ohio School Employees Retirement System and West Virginia's Investment

Management Board followed closely, each exceeding 17% in annualized returns. These results are not isolated but represent what thoughtful, long-term private equity investment can deliver.

Research from Cambridge Associates reinforces this trend: institutions with higher allocations to private investments not only earned higher returns but also experienced less volatility over time. That's good news for pensioners and taxpayers alike.

Private equity's impact goes far beyond pension fund performance. Nationwide, more than 13 million workers are employed at more than 21,000 private equity-backed businesses. Those workers earned more than \$1.1 trillion in wages and benefits in 2024, averaging \$85,000 per person. These are real positive impacts felt in communities across the country.

Private equity provides a proven path forward, grounded in growth, diversification, and long-term performance. We're proud of the role our industry plays in delivering retirement security to the people who serve our state and local communities, and we're committed to continuing that work in the years ahead.

A handwritten signature in blue ink that reads "Will Dunham". The signature is fluid and cursive, with a large initial "W".

**Will Dunham**  
President & CEO,  
American Investment Council



Institutional investors, such as public pension funds, have been investing in private markets for decades, benefitting from both strong returns and diversification—especially as the number of public companies has declined considerably over the past 30 years.



### A RECENT REPORT FROM PREQIN FOUND:

The vast majority of institutional investors plan to either increase their allocation or maintain their current allocations to private equity over the long term.<sup>1</sup>

**49% of respondents plan to increase** their allocation to private credit while **42% will maintain their allocation.**<sup>2</sup>

1. Preqin, Investor Outlook H1 2025 [<https://pro.preqin.com/insights/research/investor-outlooks/investor-outlook-h1-2025?chapter=key-findings>]

2. Preqin, Investor Outlook H1 2025 [<https://pro.preqin.com/insights/research/investor-outlooks/investor-outlook-h1-2025?chapter=key-findings>]

# Executive Summary

THE STUDY ANALYZED 200 U.S. PUBLIC PENSION FUNDS, WHICH REPRESENT NEARLY 34 MILLION PUBLIC SECTOR WORKERS AND RETIREES.

The American Investment Council produces an annual public pension study examining the investment and returns of America’s largest public pension funds. Each year, our study has found that private equity is the best returning asset class in a public pension portfolio, outperforming all other asset classes.

## Top 10 public pension funds by private equity returns

ANNUALIZED 10-YEAR PRIVATE EQUITY RETURNS

	Members	Return
1. Vermont Pension Investment Commission	65,637	18.82%
2. Ohio School Employees Retirement System	252,447	17.20%
3. West Virginia Investment Management Board	N/A	17.03%
4. Massachusetts Pension Reserves Investment Trust	300,000	16.88%
5. Illinois State Board of Investment	182,872	16.70%
6. City of Baltimore Employees’ Retirement System	17,989	16.50%
7. Iowa Public Employees’ Retirement System	414,172	15.99%
8. Chicago Policemen’s Annuity & Benefits Fund	27,774	15.94%
9. New Mexico Public Employees’ Retirement Association	132,073	15.92%
10. The Florida Retirement System	1,200,000	15.81%

## Top 10 public pension funds invested in private equity

	Members	Private Equity Investment (\$Bil.)
1. California Public Employees Retirement System	2,318,221	\$79.72
2. California State Teachers’ Retirement System	1,040,000	\$52.95
3. Washington State Investment Board	668,777	\$47.63
4. New York State Common Retirement Fund	1,236,057	\$39.57
5. Teacher Retirement System of Texas	2,057,610	\$33.54
6. New York City Public Pension Funds	569,096	\$26.95
7. Oregon Public Employees Retirement System	415,493	\$26.87
8. State of Michigan Retirement Systems	598,000	\$23.27
9. Virginia Retirement System	832,614	\$18.97
10. The Florida Retirement System	1,200,000	\$18.39

# Private equity partnership at work

89% OF PENSIONS ACROSS AMERICA CHOSE TO INVEST IN PRIVATE EQUITY. HERE'S WHAT CHIEF INVESTMENT OFFICERS ARE SAYING:



FAROUKI MAJEED  
CHIEF INVESTMENT  
OFFICER,  
SCHOOL EMPLOYEES  
RETIREMENT SYSTEM (SERS)  
OF OHIO

## OHIO

“Private Equity has been the highest returning asset class in the Ohio SERS portfolio for the past ten years and longer and has contributed to enhancing the funded ratio and sustainability of our pension fund. SERS allocation to Private Equity has steadily increased and now stands at 14%. We are gratified that SERS Private Equity returns for 10 years, have been ranked in AIC’s top ten list over many years and is currently ranked second. Our team deserves credit for the execution of our private equity strategy, which has generated consistently superior returns.”



GREG SAMORAJSKI  
CHIEF EXECUTIVE OFFICER,  
IOWA PUBLIC EMPLOYEES'  
RETIREMENT SYSTEM (IPERS)

## IOWA

“IPERS has built a strong presence in the private equity space; the strategy represents about 20% of the value of the total fund. Our team of investment professionals is committed to success and mitigates risk by ensuring that the portfolio is diversified across industries, regions and—most importantly—time to generate the positive results our stakeholders expect.”



DAVID A. RANDALL  
EXECUTIVE DIRECTOR,  
BALTIMORE CITY  
EMPLOYEES' RETIREMENT  
SYSTEMS

## MARYLAND

“The City of Baltimore Employees’ Retirement System is a municipal plan that has seen the benefits of investing with smaller and newer managers. The system recognizes the value of differences and diversity and has taken the time to evaluate newer strategies that generate attractive risk-adjusted returns. **We have focused on small and mid-cap opportunities and have built strong partnerships with managers that have delivered for our pension plan’s Retirees and Beneficiaries.**”



DIPESH MEHTA  
EXECUTIVE DIRECTOR &  
CHIEF INVESTMENT OFFICER,  
ILLINOIS STATE BOARD OF  
INVESTMENT (ISBI)

## ILLINOIS

“ISBI is honored to be ranked among the top five plans in private equity performance for the fifth consecutive year, including three years as the nationwide leader. Our success is a direct result of our forward-looking investment strategy, disciplined fee structure, and the outstanding collaboration between our dedicated team and trusted partners. As we look to the future, we remain committed to continuing our work to deliver strong, consistent returns for the more than 182,000 beneficiaries we serve.”



EACH YEAR, OUR STUDY HAS FOUND THAT PRIVATE EQUITY IS THE BEST RETURNING ASSET CLASS IN A PUBLIC PENSION PORTFOLIO, OUTPERFORMING ALL OTHER ASSET CLASSES.



MICHAEL G. TROTSKY  
CFA, EXECUTIVE DIRECTOR  
AND CHIEF INVESTMENT  
OFFICER,  
MASSPRIM

MASSACHUSETTS

“We are pleased that AIC’s research has once again determined that MassPRIM’s private equity portfolio stands as one of the highest performing in the country. The rank of 4 out of 200 (its return of 16.88% outperforms the median private equity performance of 13.45%) reflects the team’s deep industry knowledge along with its rigorous selection and monitoring processes,” said Michael G. Trotsky, CFA, Executive Director and Chief Investment Officer of MassPRIM. **“These traits have positioned private equity as PRIM’s number one performing asset class over the long term and driven the industry-leading returns that are essential to secure retirement benefits for more than 300,000 current and future retirees in our state.”**



KATE BRASSINGTON  
INVESTMENT DIRECTOR,  
PUBLIC EMPLOYEES  
RETIREMENT  
ASSOCIATION (PERA)

NEW MEXICO

“New Mexico PERA is proud to be named as the #9 ranked pension fund for the second year running. This reinforces the importance of our private equity portfolio to our overall performance—**our private equity portfolio has enhanced NM PERA’s ability to deliver on our mission to provide retirement security for our over 100,000 members.** Staff embrace a culture of constant improvement to our processes and challenge of existing conventions. We aim to selectively partner with top investment managers that will help us achieve superior returns in a space where dispersion of returns can be wide, and we recognize our broader investment team and operations team, as well as our consultants, in this collaborative effort.”



JIM HERRINGTON  
PRIVATE EQUITY  
INVESTMENT OFFICER,  
WEST VIRGINIA INVESTMENT  
MANAGEMENT BOARD

WEST VIRGINIA

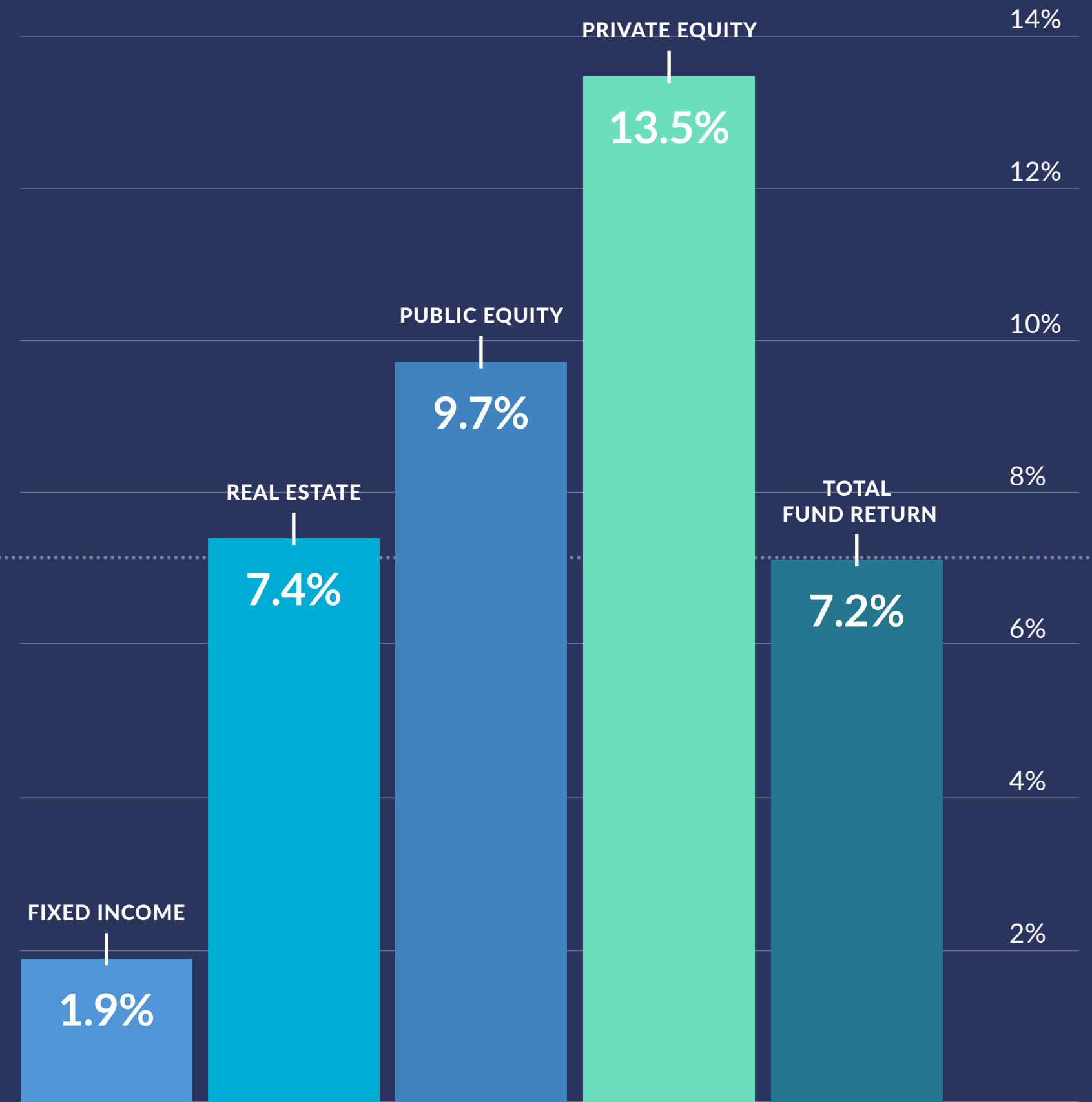
“There seem to be thousands, if not tens of thousands of private businesses and corporate orphans run suboptimally. Many people, not just the capitalists, benefit from the skillful application of management techniques, appropriate capital, and a playbook of possible solutions to improve businesses. The collective outcome doesn’t have to be a zero-sum game. Those are some of the things I love about PE Investing. **Even with the gains in public equity in recent years, the ten-year returns of private equity are still stronger.**”

Over 10 years, private equity outperforms other asset classes

A median annualized return of **13.5%**

## Pension returns by asset class.

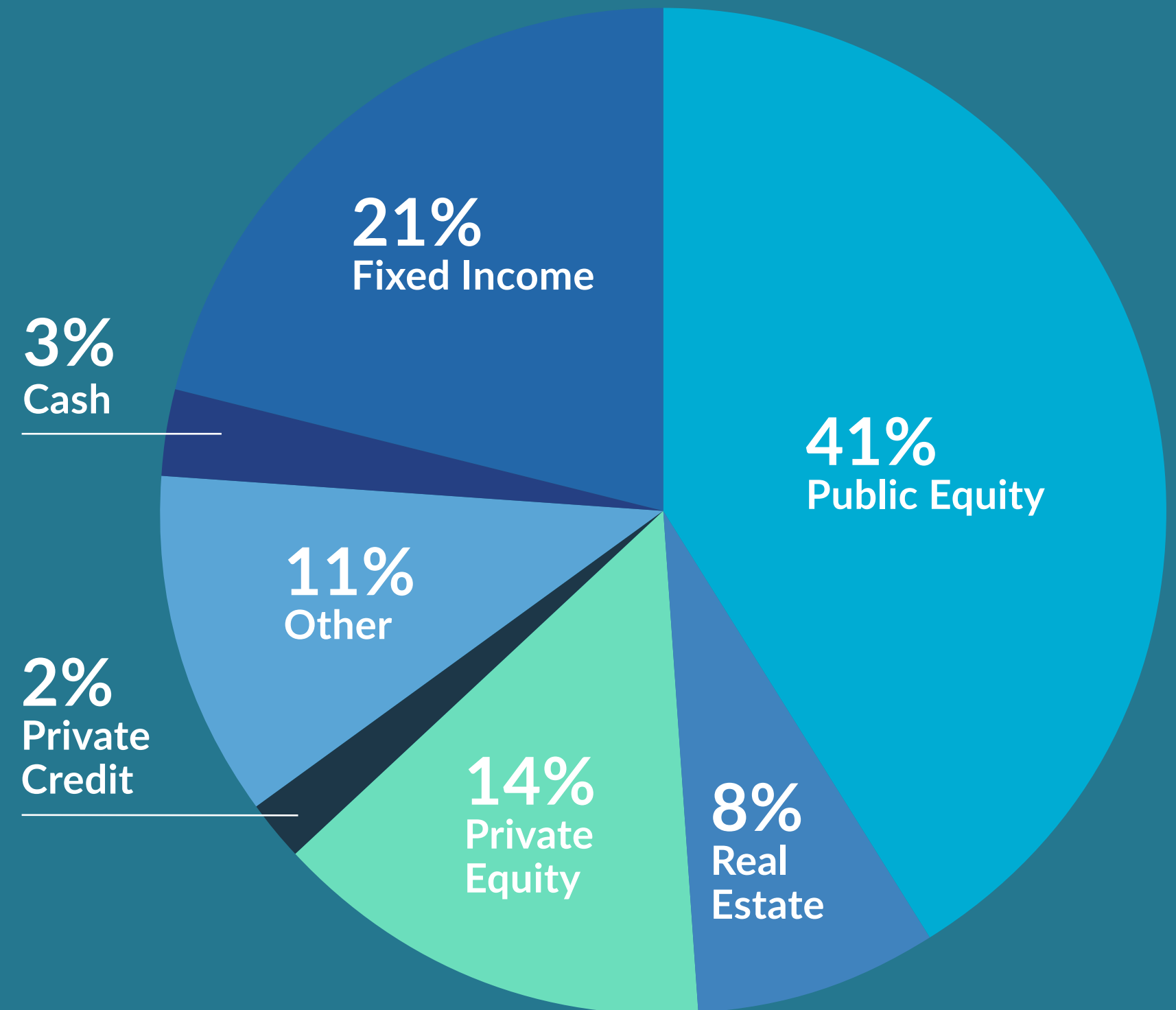
BASED ON 10-YEAR MEDIAN ANNUALIZED RETURNS





# Pension funds diversify their investments—and include private equity

U.S. public pension funds invest 14% of their portfolios in private equity on a dollar-weighted basis.



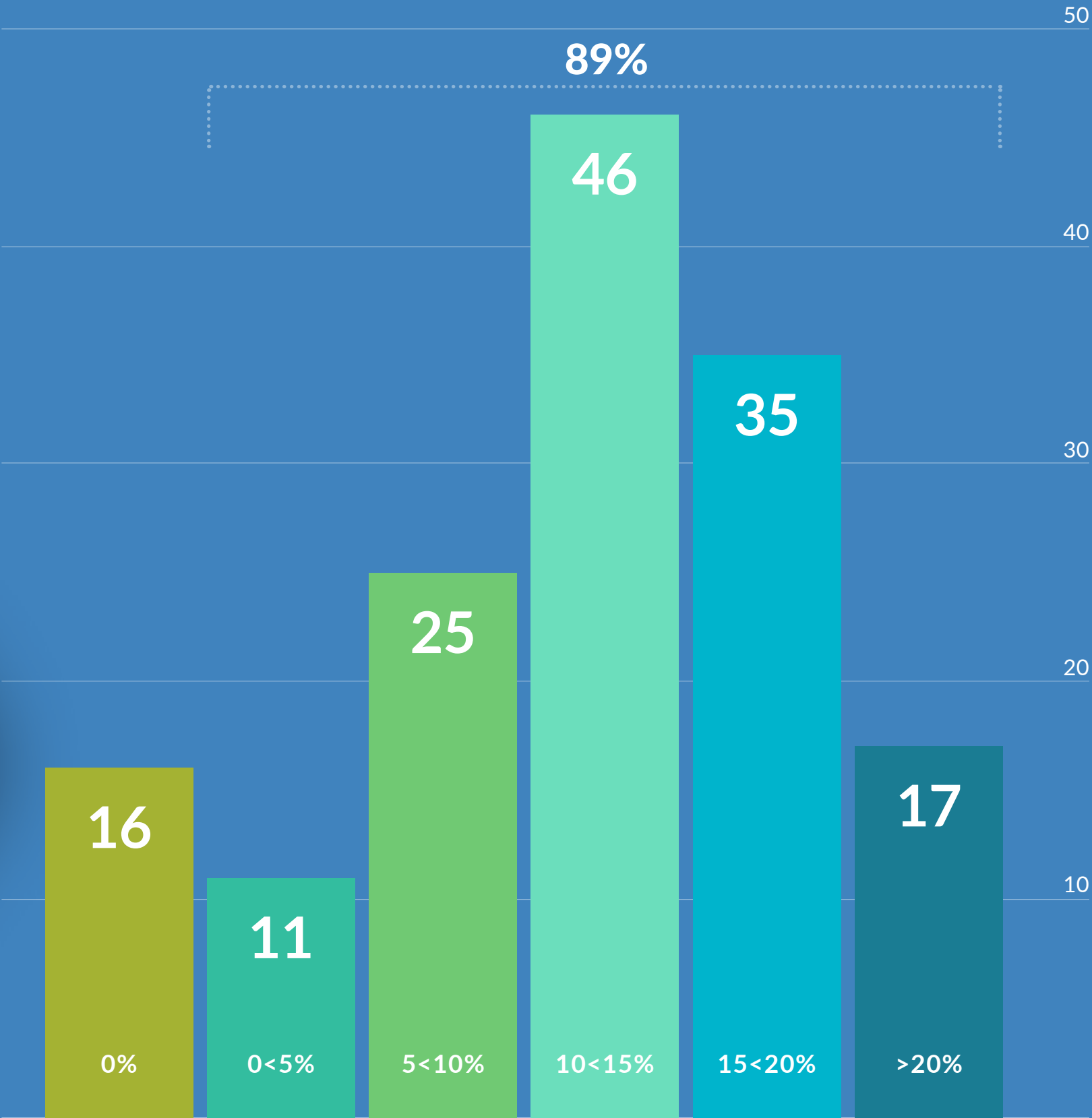


89% of all pensions invest in private equity

Pension fund asset allocation

89% of public pension funds in the study have some allocation to private equity.

NUMBER OF PENSIONS BY PRIVATE EQUITY ALLOCATION



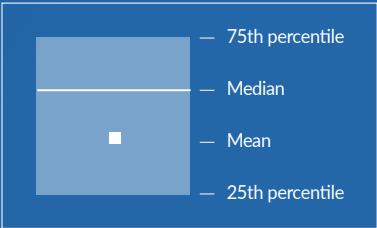
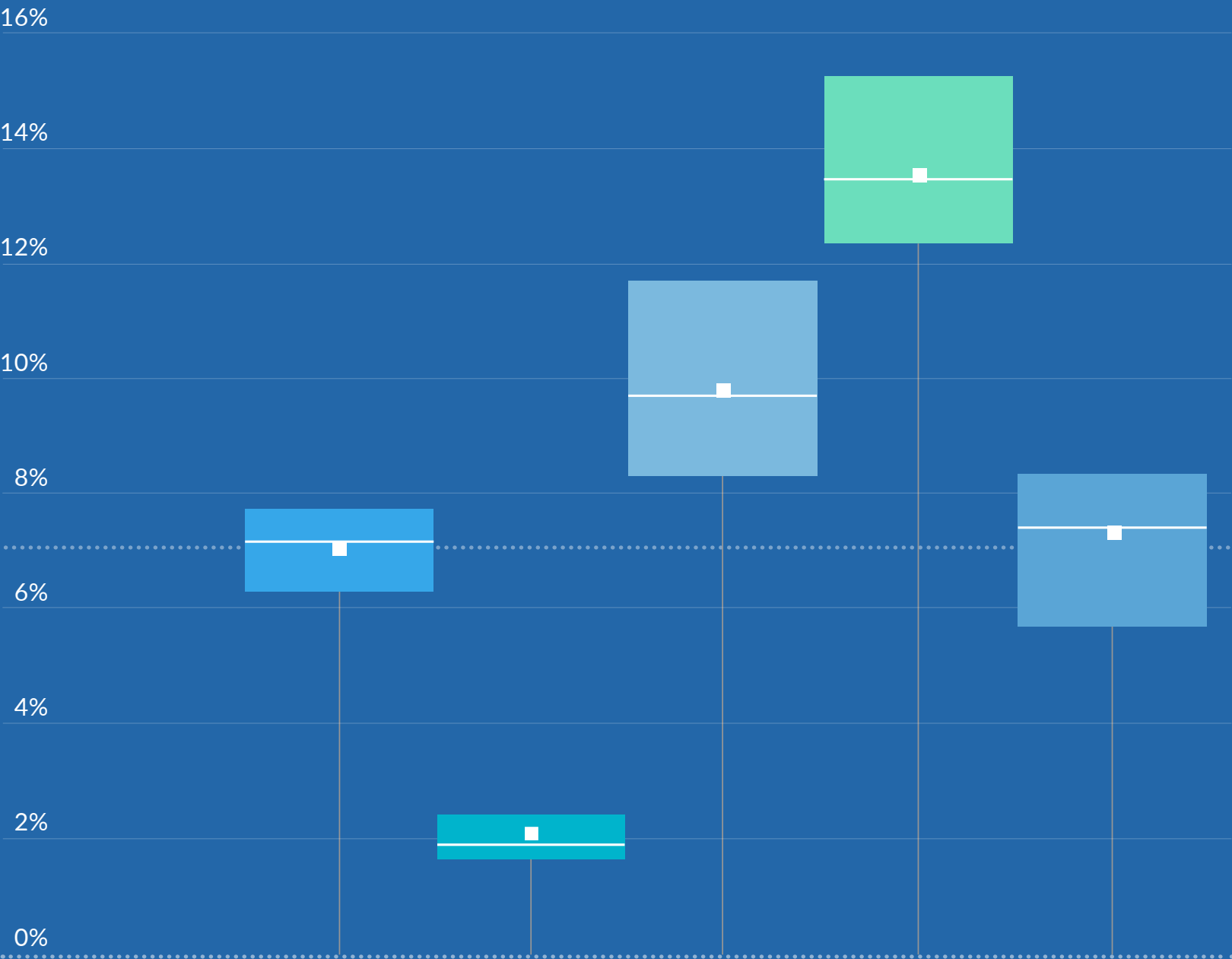




# Private equity's strong record of performance

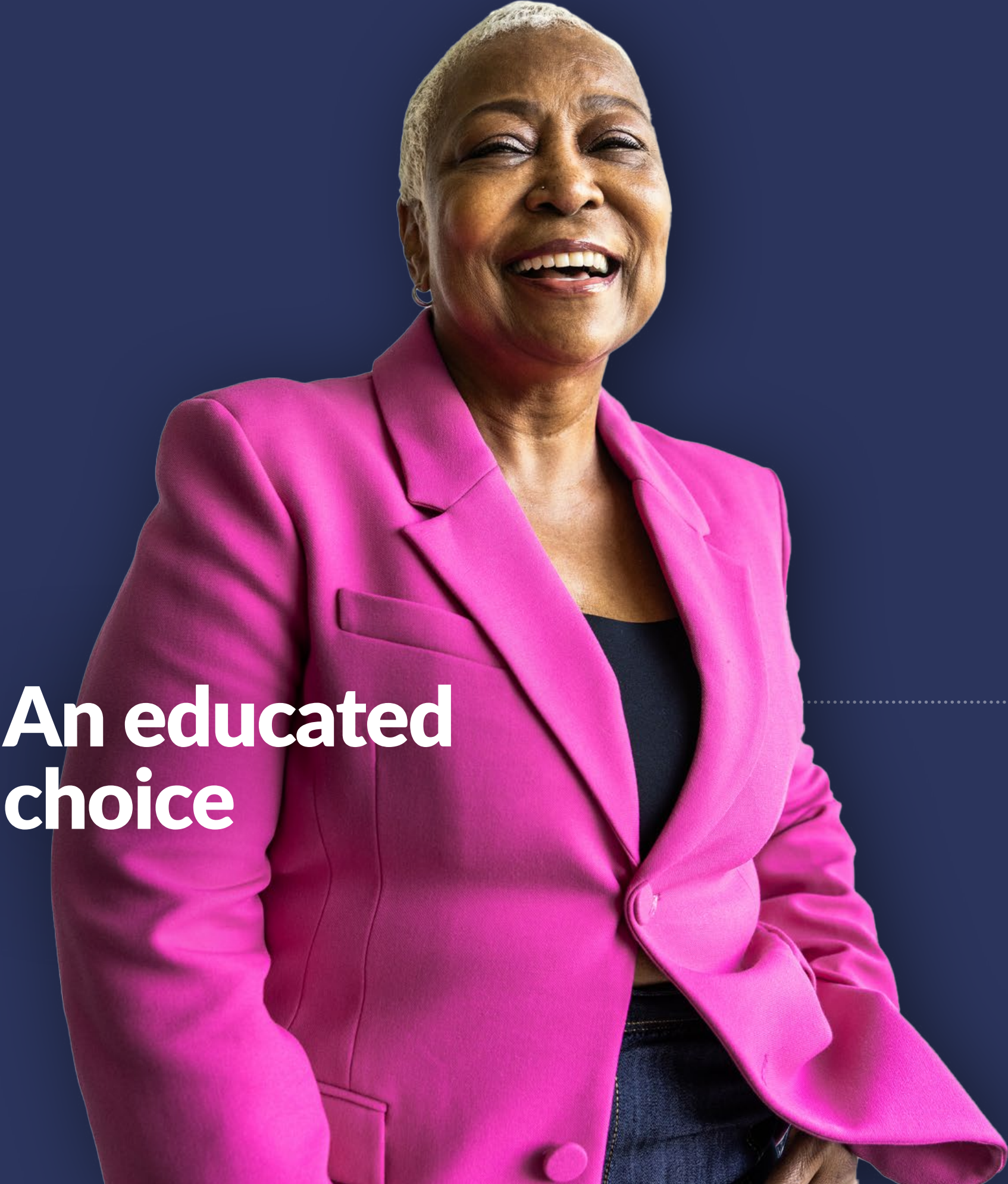
## Even the bottom quartile Private Equity Return exceeds the top quartile Public Equity Return.

10-YEAR ANNUALIZED RETURN



Sample Size	Total Fund	Fixed Income	Public Equity	Private Equity	Real Estate
No. of Pensions	72	60	60	54	47
Investment (Bil.)	\$4,187,927.91	\$882.90	\$1,689.87	\$592.59	\$312.40

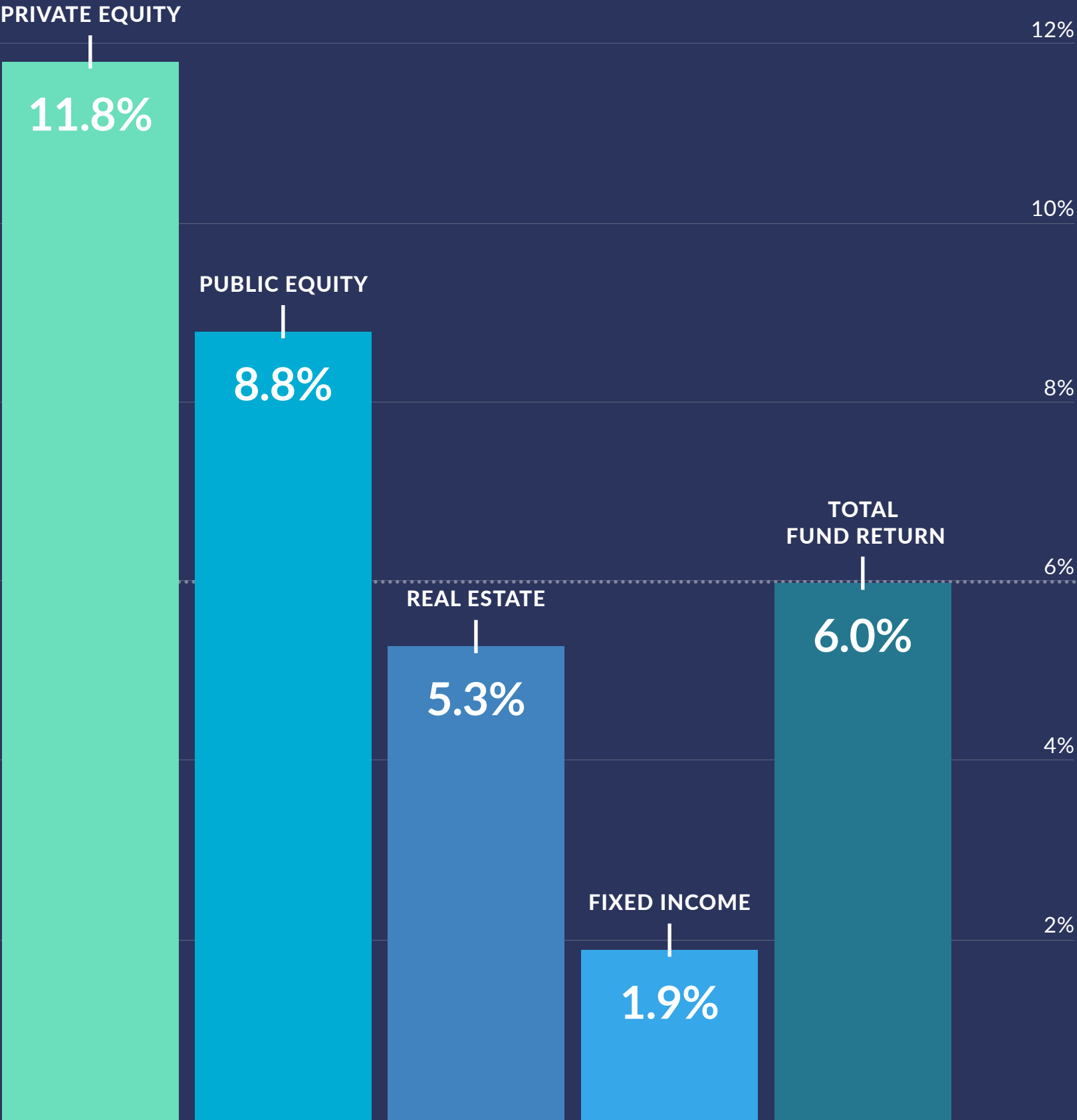




An educated  
choice

Private equity returns of endowments and foundations  
exceed the returns of other asset classes.

BASED ON MEDIAN 10-YEAR ANNUALIZED RETURNS

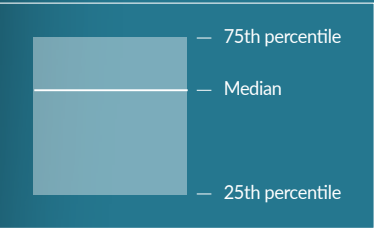
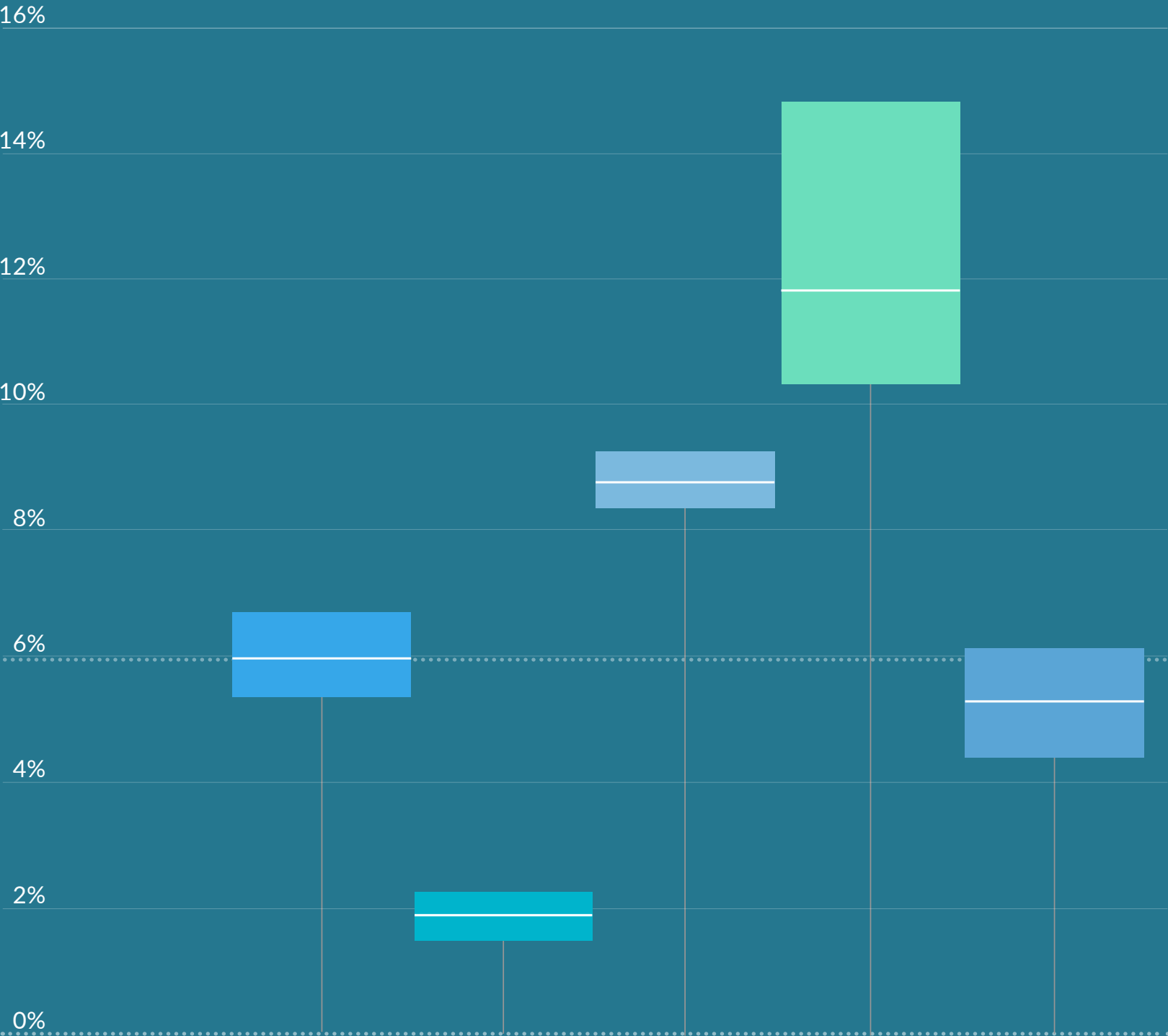






# Returns for endowments and foundations

Private Equity Delivers Highest Returns Across Percentiles.



Sample Size	Total Fund	Fixed Income	Public Equity	Private Equity	Real Estate
No. of Endowments and Foundations	1234	276	175	67	43

# Notes on the study

This study conducted by the American Investment Council examines the private equity investments of 200 U.S. public pension funds. The information was collected from publicly available comprehensive annual financial reports and direct communication with public pension funds, when necessary.

The reporting date for data used in this study ranges from December 2022 to December 2024, with most dates as of June 30, 2024. When data as of June 30, 2024 were unavailable, information from the most recent available financial report at the time of analysis was used. All returns are net of fees and carry.

The analysis of pension fund investment returns is based on available 10-year return data as of June 30, 2024, except where noted. Pension funds typically report returns for private equity and other illiquid assets net of management fees and carry, while marketable securities can be reported net or gross of fees. Not all pension funds report 10-year returns or returns for each asset class. Asset classes may be defined slightly differently, depending on the pension fund. The breakdown of invested capital by pension funds is determined by summing the total dollars invested in each asset class for all 200 public pension funds and calculating the percentage by asset class. Data on foundations and investments were sourced from Investment Metrics, a Confluence Company.



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## About the private equity industry and the American Investment Council

Private equity-backed companies employ approximately 13 million U.S. workers. In 2024, over 85% of current private equity investments were in small businesses.

The American Investment Council (AIC) is the leading advocacy and resource organization established to develop and provide information about the private investment industry and its contributions to the long-term growth of the U.S. economy and the retirement security of American workers. Member firms of the AIC consist of the country's leading private equity, private credit, and growth capital firms united by their successful partnerships with limited partners and American businesses.

More information about the AIC can be found at [www.investmentcouncil.org](http://www.investmentcouncil.org).