
2026 Pension Trends

Securing Retirement for America's Public Servants



Private equity is an important component to building resilient portfolios to support the retirement of public sector workers.

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HOW PRIVATE EQUITY SERVES AMERICA'S PUBLIC SERVANTS



A message from
AIC President & CEO Will Dunham

Public servants look out for Americans every day. But who looks out for our public servants, especially their financial security?

For 34 million public workers and retirees, private equity plays a vital role in securing their financial future. The American Investment Council is proud to release our 2026 Retirement Security Report, which shows how private equity is an irreplaceable diversification tool and driver of returns for America's public pensions. Whether it's firefighters putting out a neighborhood blaze, police officers keeping city streets safe, or teachers forming the next generation, public servants deserve financial security—and private equity continues to deliver for them.

Private equity has been a critical asset class for public pensions for decades. The industry's longer time horizon serves the goals of retirement savers well, and private equity has consistently remained the highest performing asset class in public pension funds over the long-haul. Our review of 200 U.S. public pension funds found that 2025 was no exception. Private equity remained the best-performing asset class over a 10-year period with a 13.2% median annualized return.

Given this robust record of strong, steady returns, it's no surprise that 86% of public pensions invest in private equity. We spoke with numerous Chief Investment Officers, from Massachusetts to Missouri and beyond, who all shared that private equity is essential to giving their public servants and retirees the secure retirements they deserve.

The public pensions we surveyed cover every state in the country, showing that reliance on private equity transcends geography, demographics, and politics. This year, the 10 public pensions with the best annualized returns over the past decade included:

- Massachusetts Pension Reserves Investment Trust
- Nebraska Investment Council
- City of Baltimore Employees' Retirement System
- The Florida Retirement System

Other independent research reaffirms our findings that private equity is increasingly important for public pensions. A 2026 survey of institutional investors released by Preqin found that 88% of respondents planned to increase or maintain their private market investments over the next year, compared to just 12% who said they would decrease their allocation. These trends make sense, given the historic concentration of public markets and the importance of building diversified portfolios that protect public servants' hard-earned retirement benefits.

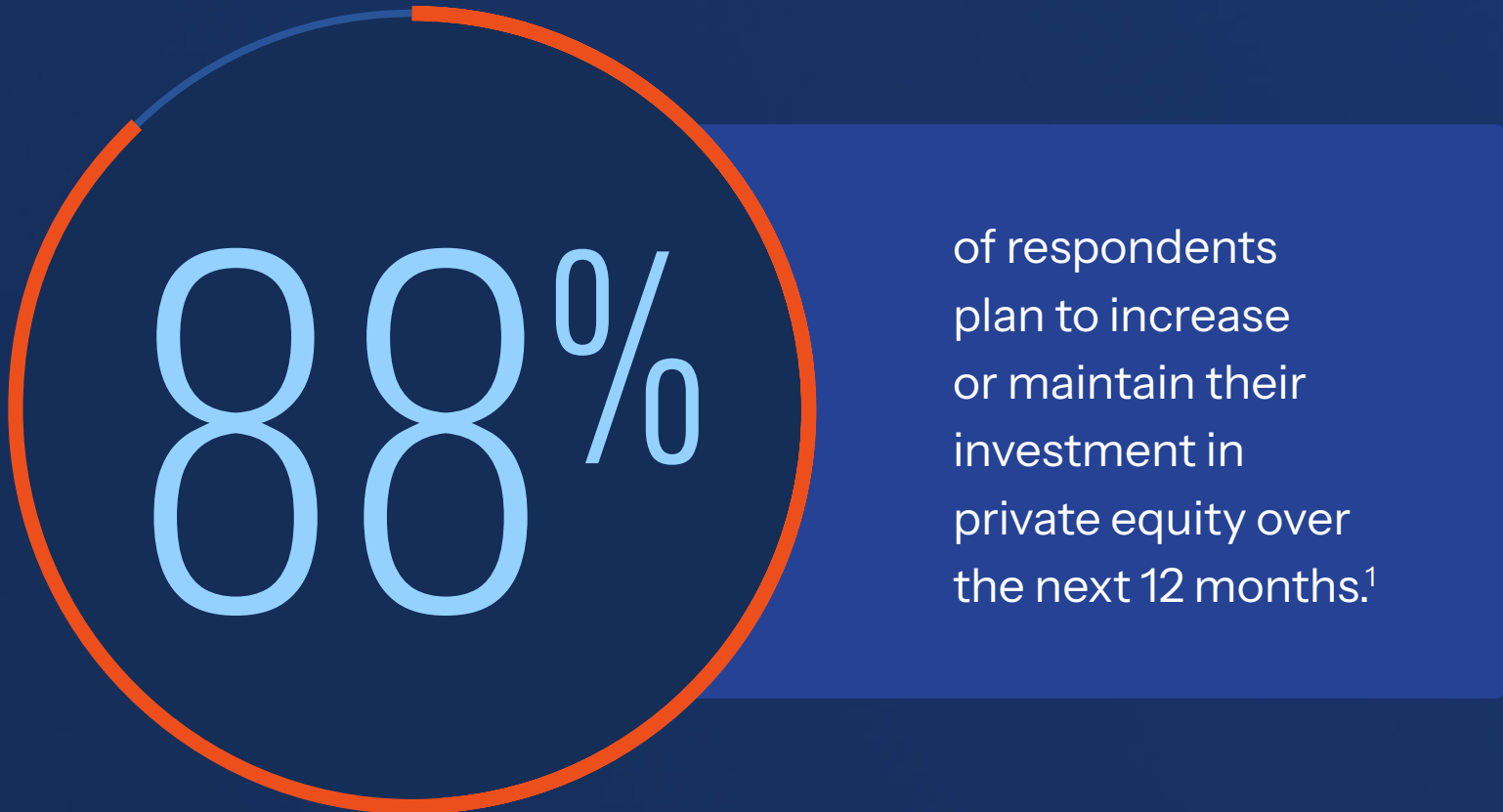
Our country and our communities would not be the same without America's public servants. From firefighters to teachers to city workers, we depend on them every day to keep our neighborhoods safe, our children cared for, and our local government running. And they, in turn, depend on private equity to help secure their well-earned retirements. The American Investment Council is proud to share this year's report, showing the role private equity plays in continuing to look out for the tens of millions of public servants who look out for Americans every day.

A handwritten signature in blue ink that reads "Will Dunham".

Will Dunham

President & CEO, American Investment Council

A RECENT REPORT FROM PREQIN FOUND:



For decades, private markets have played an increasingly important role in securing America’s public pension funds, providing strong, stable returns and diversification for millions of workers and retirees.

1. Preqin, Investor Outlook H2 2026 [<https://pro.preqin.com/insights/research/investor-outlooks/investor-outlook-h2-2026>]



EXECUTIVE SUMMARY

The American Investment Council produces an annual public pension study examining the investment and returns of America’s largest public pension funds. This year’s study finds that once again private equity remains the best returning asset class in a public pension portfolio, outperforming all other asset classes.



The study analyzed 200 U.S. public pension funds, which represent nearly 34 million public sector workers and retirees.

Analysis of 10-year annualized returns includes only those public pension funds that had reported returns for the period ending June 30, 2025, at the time of publication. Not all public pension funds report 10-year returns for each individual asset class; as a result, the number of funds included may vary across asset classes, and funds that do not separately report private equity or other asset-class returns are excluded from the corresponding comparisons.

ANNUALIZED 10-YEAR
PRIVATE EQUITY RETURNS

PE RETURNS

1	Vermont Pension Investment Commission Members: N/A	16.61%
2	School Employees Retirement System of Ohio Members: 255,289	16.27%
3	Massachusetts Pension Reserves Investment Trust Members: N/A	16.18%
4	West Virginia Investment Management Board Members: N/A	16.12%
5	Tennessee Consolidated Retirement System Members: 663,171	16.04%
6	City of Baltimore Employees’ Retirement System Members: 18,514	15.80%
7	Nebraska Investment Council Members: N/A	15.40%
8	The Florida Retirement System Members: 1,200,000	15.33%
9	The Public School and Education Employee Retirement Systems of Missouri Members: 172,202	15.20%
	Illinois State Board of Investment Members: 186,574	15.20%

TIE

TOP 10 PENSIONS
IN PRIVATE EQUITY

PE PORTFOLIO
(\$B)

1	California Public Employees’ Retirement System Members: 2,389,533	102.9
2	California State Teachers’ Retirement System Members: 1,054,000	55.7
3	Washington State Investment Board Members: 682,567	51.1
4	New York State Common Retirement Fund Members: 1,264,732	40.8
5	Teacher Retirement System of Texas Members: 2,102,992	34.5
6	New York City Public Pension Funds Members: 572,745	26.4
7	Oregon Public Employees Retirement System Members: 421,934	26.2
8	State of Michigan Retirement Systems Members: 598,000	24.1
9	Virginia Retirement System Members: 861,171	19.7
10	The Florida Retirement System Members: 1,200,000	18.9

PRIVATE EQUITY PARTNERSHIP AT WORK

86% of pensions across America chose to invest in private equity. Here’s what Chief Investment Officers are saying:

TENNESSEE

“TCRS is honored to be identified by the AIC as one of the highest performing private equity programs in the nation. The attractive, long-term returns generated by the TCRS private equity program have contributed to a funded status exceeding 100%, helping to secure the financial future of more than 400,000 active and retired members. We continue to believe a prudently diversified, high-quality private equity program remains a material contributor to the financial security of the plan’s beneficiaries in the years ahead.”



Michael Brakebill

Chief Investment Officer
Tennessee Consolidated
Retirement System

VERMONT

“The illiquidity premium has benefitted the members and beneficiaries of the Vermont State Employees’ Retirement System, the Vermont State Teachers’ Retirement System, the Vermont Municipal Employees’ Retirement System, and the taxpayers of Vermont. The credit for our strong performance goes to my team, whose tireless efforts have built our strong private equity program, and to the members of the Vermont Pension Investment Commission, whose members have pushed us to build a world-class program and supported our efforts in doing so.”



Eric Henry

Chief Investment Officer
Vermont Pension
Investment Commission

MASSACHUSETTS

“I am proud that the American Investment Council’s research has again recognized MassPRIM’s private equity portfolio as one of the top performers in the country, ranking #3 this year. The PRIT Fund’s 10-year annualized private equity return of 16.18% outperformed the median of 13.20%, reflecting our team’s deep industry knowledge, disciplined selection processes, and rigorous monitoring. Private equity remains an essential part of a diversified portfolio, and these qualities have helped deliver the long-term returns needed to secure retirement benefits for more than 300,000 current and future retirees in our state.”



Michael G. Trotsky

Executive Director and Chief
Investment Officer
MassPRIM



For another year, our study has found that private equity is the best returning asset class in a public pension portfolio, outperforming all other asset classes.

ILLINOIS

“ISBI is proud to once again be one of the nation’s top performers for private equity, beating the median return by over 200 basis points. Our dedicated team and trusted partners continue to work diligently to deliver excellent returns on behalf of our over 186,000 beneficiaries.”



Dipesh Mehta

Chief Investment Officer
Illinois State Board
of Investment

OHIO

“Ohio SERS is glad to be recognized as the second highest in private equity returns among institutional peers over the 10-year period. Private equity continues to be the highest returning asset class in our portfolio over 10 years and longer periods and thus contributes positively to the long-term sustainability of the pension fund. Our strategic focus on operational value adding partnerships has helped generate strong returns.”



Farouki Majeed

Chief Investment Officer
School Employees
Retirement System of Ohio

WEST VIRGINIA

“Much of investing is ultimately about determining whether an asset is priced correctly. Private equity adds another dimension: whether thoughtful ownership can make the underlying business worth more. The opportunity is not limited to finding value the market has overlooked; it can include helping to create value that did not previously exist. That combination of investment judgment, active ownership and long-term execution is a distinctive strength of the asset class.”



Jim Herrington

Private Equity Investment Officer
West Virginia Investment
Management Board

PENSION RETURNS

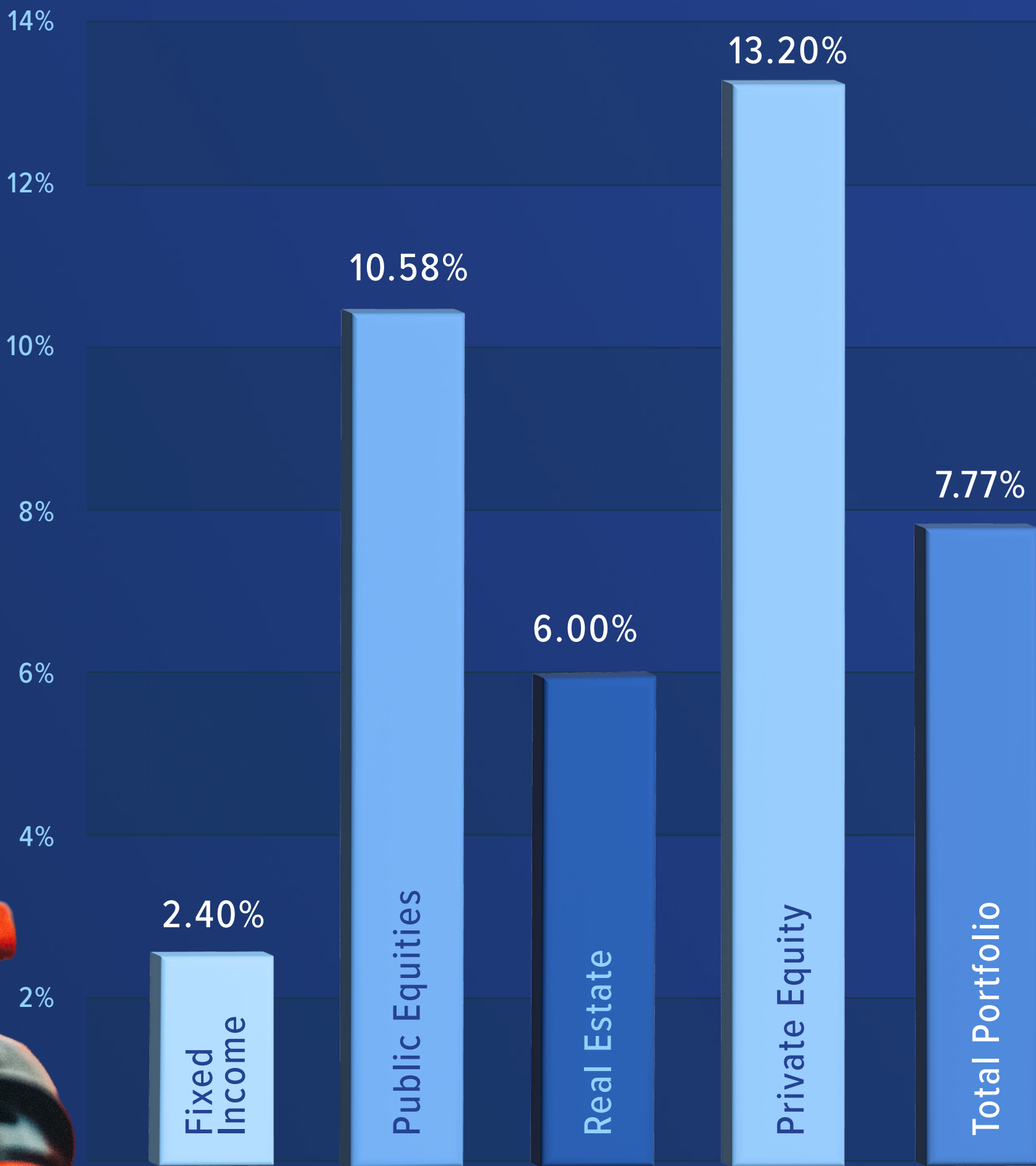
Over 10 years, private equity outperforms other asset classes

A median annualized return of

13.2%

Analysis of 10-year annualized returns includes only those public pension funds that had reported returns for the period ending June 30, 2025, at the time of publication. Not all public pension funds report 10-year returns for each individual asset class; as a result, the number of funds included may vary across asset classes, and funds that do not separately report private equity or other asset-class returns are excluded from the corresponding comparisons.

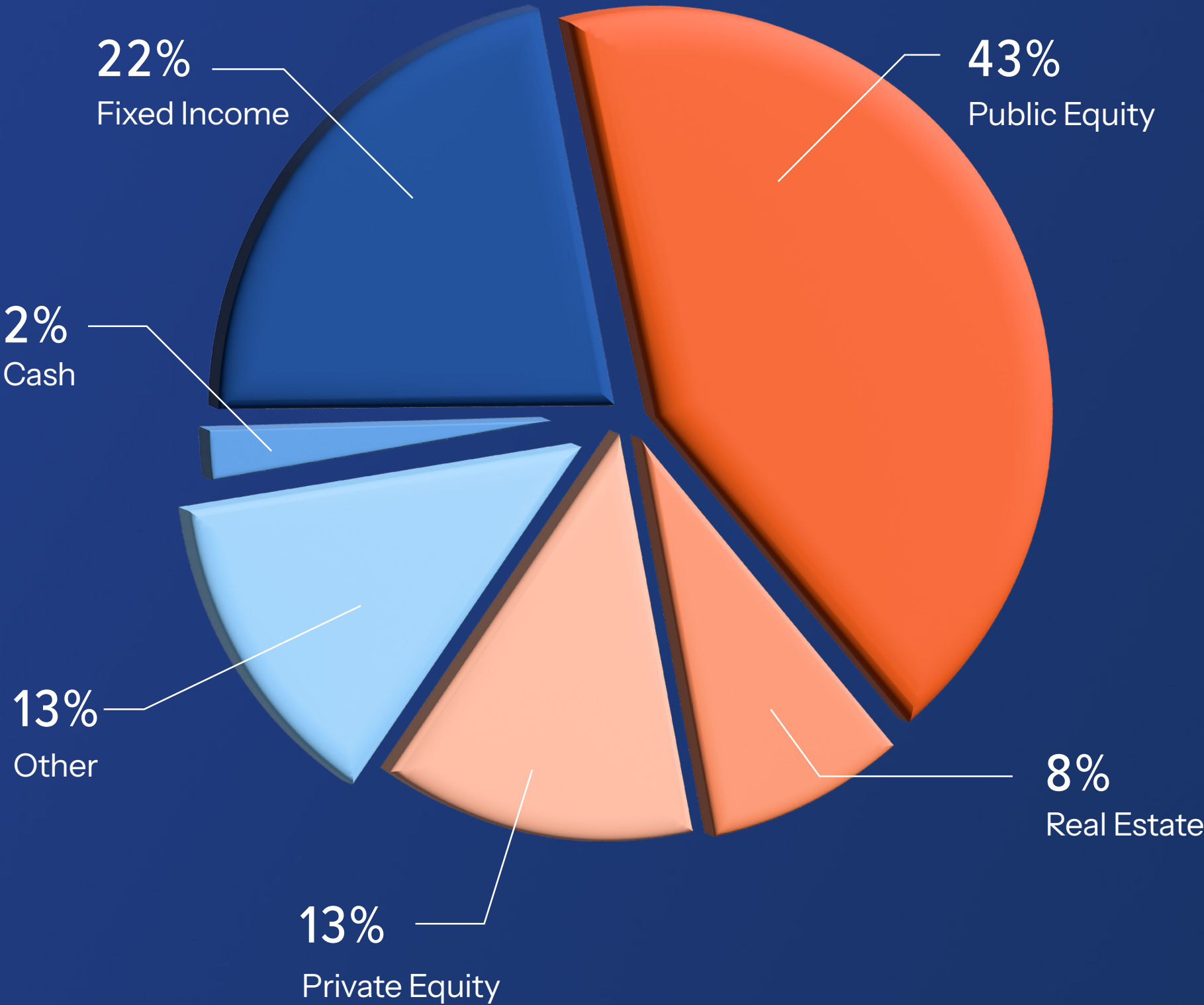
PENSION RETURNS BY ASSET CLASS
BASED ON 10-YEAR MEDIAN ANNUALIZED RETURNS



PENSION FUNDS

Pension funds diversify their investments by leveraging private equity.

13% of U.S. public pension fund portfolios is invested in private equity, on a dollar-weighted basis.



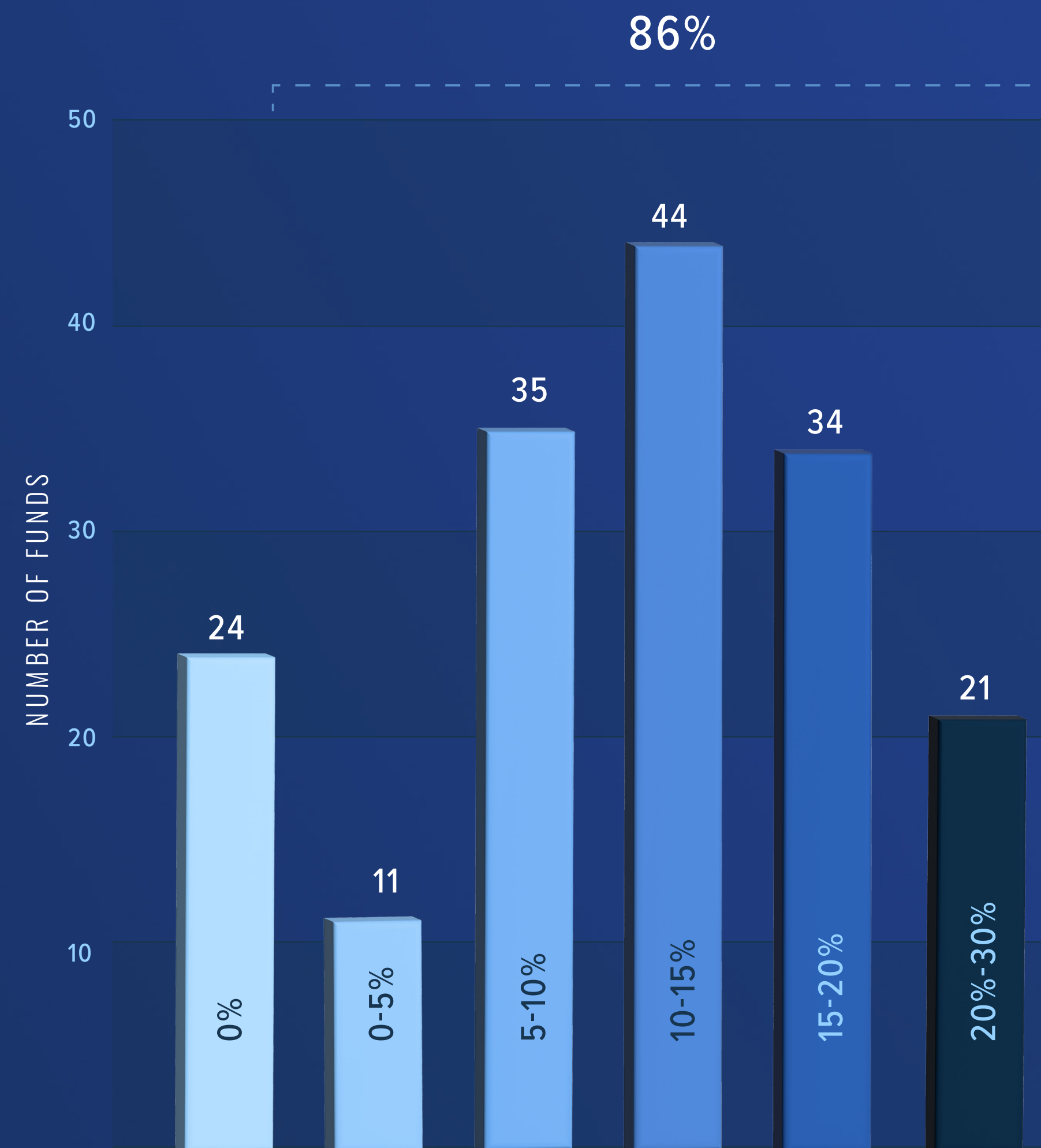
PENSION IN PRIVATE EQUITY

86%

of all pensions invest
in private equity



NUMBER OF PENSIONS BY PRIVATE EQUITY ALLOCATION



This analysis reflects 169 of the 200 public pension funds reviewed; the remaining 31 funds were excluded because their available reports did not contain usable data for comparison.

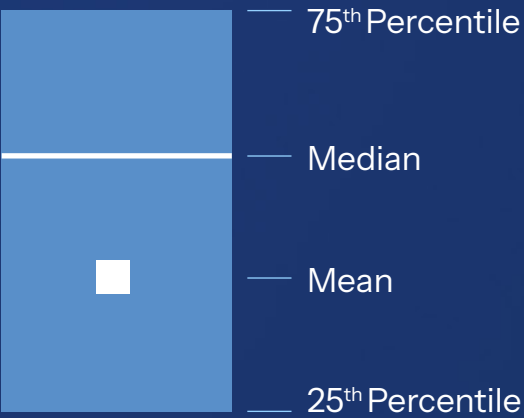


ANNUALIZED RETURNS

Private equity’s strong record of performance

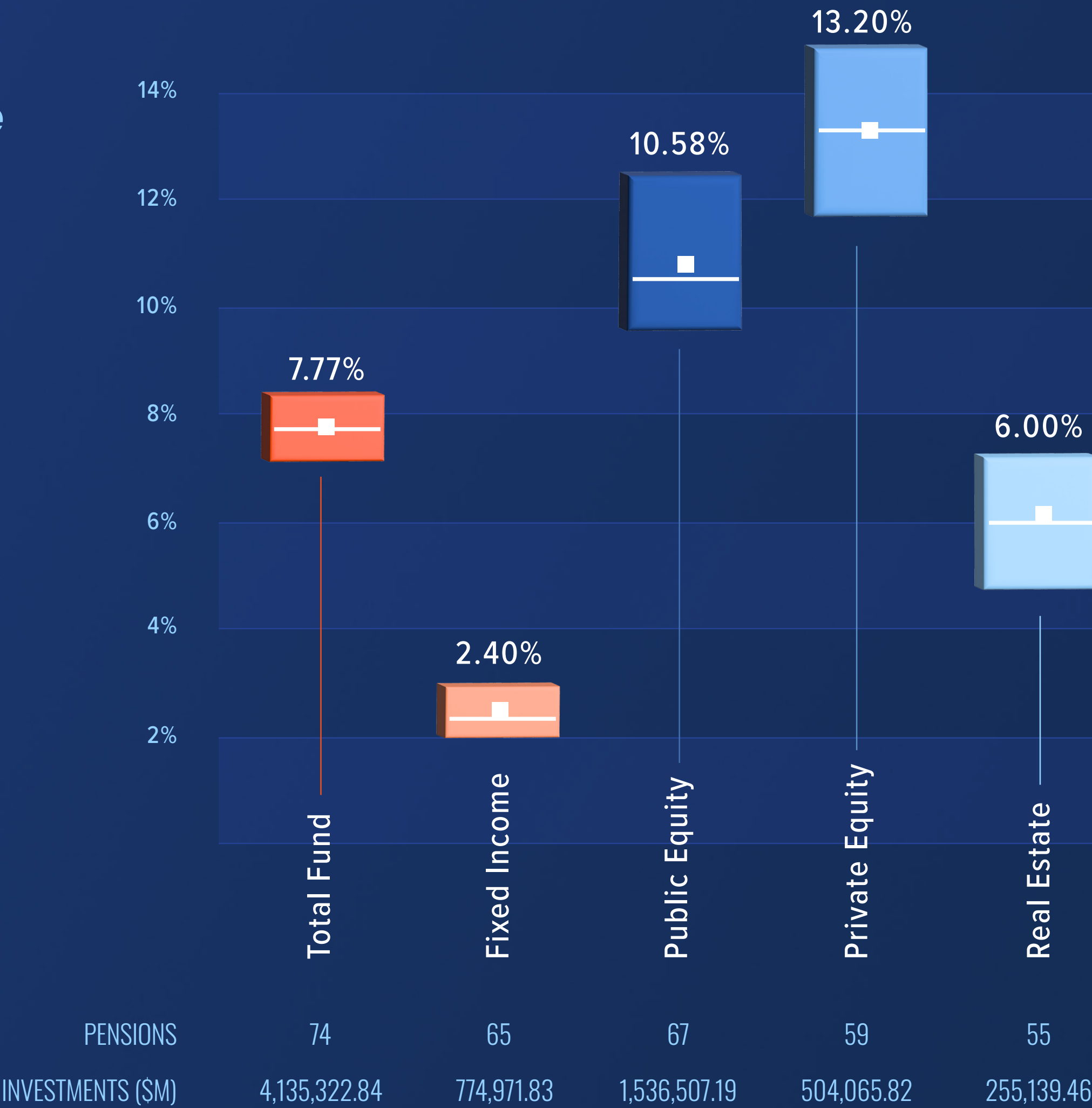
13.2%

PE Median



The distribution of 10-year annualized returns shown includes only those public pension funds that had reported returns for the period ending June 30, 2025, at the time of publication. Not all public pension funds report 10-year returns for each individual asset class; as a result, the number of funds represented may vary across asset classes, and funds that do not separately report private equity or other asset-class returns are excluded from the corresponding distributions.

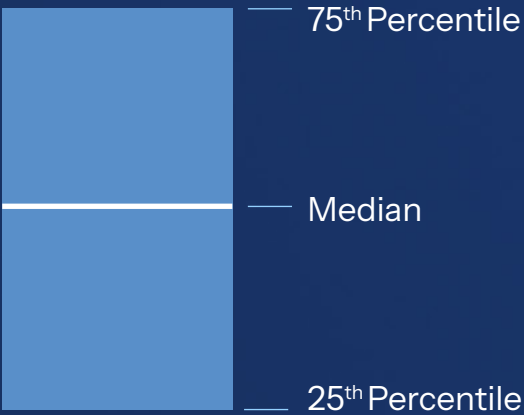
10-YEAR ANNUALIZED RETURNS
U.S. PUBLIC PENSIONS



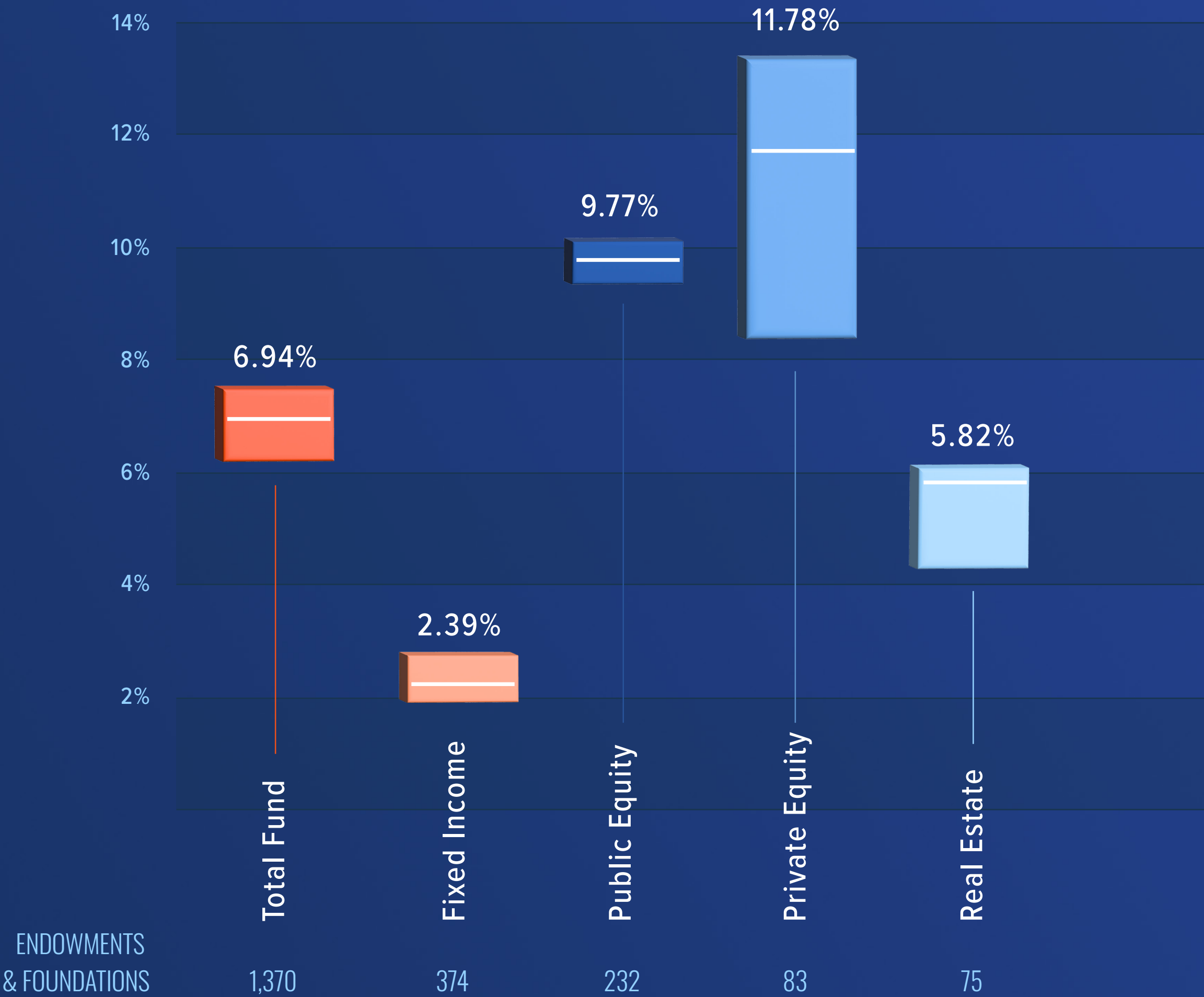


PRIVATE EQUITY

Returns for
endowments
& foundations



PRIVATE EQUITY DELIVERS
THE HIGHEST MEDIAN RETURN



NOTES ON 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 annual comprehensive financial reports and direct communication with public pension funds, when necessary.

Comparisons of pension fund investment returns are based on 10-year annualized returns for the period ending June 30, 2025, and include only those funds that had reported returns for that period at the time of publication. Data on asset allocation and invested capital reflect reporting dates ranging from December 2023 to December 2025, with most dates as of June 2025. When data as of June 2025 were unavailable, information from the most recent available financial report at the time of analysis was used.

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. Return calculation methods may also vary across funds. Not all pension funds report 10-year returns or returns for each asset class; as a result, the number of funds included varies by asset class. Asset classes may be defined slightly differently, depending on the pension fund. Of the 200 funds reviewed, 169 had usable data for the analysis of private equity allocations.

The breakdown of invested capital by pension funds is determined by summing the total dollars invested in each asset class for all 169/200 public pension funds and calculating the percentage by asset class. Data on endowments and foundations were sourced from Investment Metrics, a Confluence Company, and reflect 10-year annualized net returns as of June 30, 2025.

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.



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