

MUHLENKAMP Methods

Answers to questions you may not even know you have.

U.S. WORKERS ARE OWNERS: THEY JUST DON'T REALIZE IT

This essay by Ron Muhlenkamp is published in Muhlenkamp Memorandum, Issue 142, April 2022. It is an update to "Worker Capitalism Triumphs" written by Ron in Muhlenkamp Memorandum, Issue 2, October 1987.

The 100 Largest U.S. Retirement Funds

The data in the accompanying table ranks the top 100 U.S. privately managed retirement funds and their sponsors, along with the assets (in millions) in the fund. We have included a column labeled Market Cap (in billions) that shows the market value of the respective corporations for the corporate sponsored funds. When you look at the table, pay attention to the company market values with the asterisks in the last column. These are the companies whose (funded) pension plans are greater than the market values of the companies themselves.

At yearend 2021, aggregate privately managed pension assets worldwide were over \$22 trillion of which \$14 trillion were U.S. based.

The asset allocations within corporate and public pension plans are dictated by their portfolio goals and restrictions, thus the holdings are diverse. Typical asset allocation includes cash and cash equivalents, bonds, equities, real estate, alternative investments, etc. As owners of pension plans, workers indirectly hold shares of equities and therefore are beneficiaries of the activity on Wall Street.

Workers Are Owners

Today, through pension and retirement plans, U.S. workers, as a whole, are the owners of a major portion of the business assets of the United States. The 100 largest U.S. retirement funds have assets exceeding \$8.2 trillion. Of these 100 retirement funds, only 40 are sponsored by corporations, most of the others are plans for public sector employees.

The 100 Largest U.S. Retirement Funds						
Ranked by total assets, in millions						
2021	Fund	Total Assets	DB	DC	Market Cap	***
Rank		in \$ Millions*	Assets*	Assets*	In \$ Billions**	
1	Federal Retirement Thrift	\$774,176		\$774,176		
2	California Public Employees	\$496,820	\$494,539	\$2,281		
3	California State Teachers	\$313,940	\$312,150	\$1,790		
4	New York State Common	\$267,756	\$267,756			
5	New York City Retirement	\$266,702	\$266,702			
6	Florida State Board	\$213,792	\$199,041	\$14,751		
7	Texas Teachers	\$196,727	\$196,727			
8	Washington State Board	\$161,517	\$134,977	\$26,540		
9	Wisconsin Investment Board	\$147,915	\$140,923	\$6,992		
10	Boeing	\$147,210	\$72,466	\$74,744	\$104	***
11	New York State Teachers	\$144,396	\$144,396			
12	North Carolina	\$137,116	\$121,336	\$15,780		
13	California University	\$125,333	\$90,848	\$34,485		
14	Ohio Public Employees	\$121,574	\$119,190	\$2,384		
15	AT&T	\$119,539	\$58,186	\$61,353	\$166	
16	IBM	\$115,427	\$51,961	\$63,466	\$113	***
17	Virginia Retirement	\$110,014	\$103,710	\$6,304		
18	Raytheon Technologies	\$108,864	\$55,029	\$53,835	\$147	
19	Michigan Retirement	\$107,959	\$95,401	\$12,558		
20	New Jersey	\$104,452	\$98,732	\$5,720		
21	Minnesota State Board	\$102,914	\$89,948	\$12,966		
22	Kaiser	\$101,035	\$65,479	\$35,556		
23	Georgia Teachers	\$100,922	\$100,922			
24	Oregon Public Employees	\$100,410	\$97,201	\$3,209		
25	Massachusetts PRIM	\$98,458	\$98,458			
26	General Motors	\$96,077	\$64,429	\$31,648	\$61	***
27	Ohio State Teachers	\$95,134	\$92,703	\$2,431		
28	General Electric	\$90,464	\$61,316	\$29,148	\$100	
29	United Parcel Service	\$86,833	\$52,952	\$33,881	\$179	
30	United Nations Joint Staff	\$86,196	\$86,196			
31	Lockheed Martin	\$85,742	\$36,167	\$49,575	\$122	
32	Tennessee Consolidated	\$79,002	\$67,395	\$11,607		
33	Bank of America	\$76,344	\$21,716	\$54,628	\$330	
34	Ford Motor	\$72,790	\$48,963	\$23,827	\$65	***
35	Los Angeles County Employees	\$72,708	\$72,708			
36	Northrop Grumman	\$71,975	\$36,148	\$35,827	\$70	***
37	Pennsylvania School Employees	\$70,358	\$70,294	\$64		
38	Colorado Employees	\$68,571	\$62,472	\$6,099		
39	Maryland State Retirement	\$68,455	\$68,455			
40	Wells Fargo	\$66,049	\$13,055	\$52,994	\$187	
41	Verizon	\$64,099	\$21,293	\$42,806	\$222	
42	Illinois Teachers	\$64,026	\$64,026			
43	J.P. Morgan Chase	\$62,753	\$22,308	\$40,445	\$394	
44	FedEx	\$60,725	\$29,785	\$30,940	\$57	***
45	Nevada Public Employees	\$58,789	\$58,789			
46	Missouri Schools & Education	\$57,038	\$57,038			
47	Illinois Municipal	\$54,874	\$54,874			
48	Teamsters, Western Conference	\$54,176	\$54,176			
49	Utah State Retirement	\$51,489	\$43,034	\$8,455		
50	Johnson & Johnson	\$51,400	\$26,959	\$24,441	\$445	



2021 Rank	Fund	Total Assets in \$ Millions*	DB Assets*	DC Assets*	Market Cap In \$ Billions**	***
51	State Farm	\$50,741	\$33,954	\$16,787		
52	Arizona State Retirement	\$50,076	\$50,076			
53	South Carolina Public Employees	\$49,145	\$39,723	\$9,422		
54	Alabama Retirement	\$48,572	\$45,888	\$2,684		
55	Delta Air Lines	\$47,636	\$19,143	\$28,493	\$20	***
56	Indiana Public Retirement	\$46,310	\$39,172	\$7,138		
57	Nokia USA	\$43,828	\$33,744	\$10,084	\$27	***
58	Iowa Public Employees	\$43,367	\$43,367			
59	Pennsylvania Employees	\$43,128	\$38,440	\$4,688		
60	Alaska Retirement	\$42,582	\$33,591	\$8,991		
61	Connecticut Retirement	\$42,505	\$42,505			
62	Texas County & District	\$41,916	\$41,916			
63	Microsoft	\$41,706		\$41,706	\$2,162	
64	San Francisco City & County	\$40,873	\$36,059	\$4,814		
65	Texas Employees	\$39,628	\$34,910	\$4,718		
66	American Airlines	\$39,505	\$14,308	\$25,197	\$9	***
67	Federal Reserve Employees	\$39,258	\$26,457	\$12,801		
68	Pfizer	\$38,869	\$17,960	\$20,909	\$274	
69	Honeywell	\$38,650	\$21,793	\$16,857	\$127	
70	Mississippi Employees	\$38,242	\$35,949	\$2,293		
71	Walmart	\$38,204		\$38,204	\$386	
72	Exxon Mobil	\$36,814	\$17,523	\$19,291	\$350	
73	Texas Municipal Retirement	\$36,087	\$36,087			
74	3M	\$35,035	\$20,194	\$14,841	\$83	
75	General Dynamics	\$34,915	\$14,119	\$20,796	\$65	
76	New York State Deferred Comp.	\$34,172		\$34,172		
77	CVS Health	\$33,751	\$6,663	\$27,088	\$137	
78	Walt Disney	\$33,599	\$17,786	\$15,813	\$243	
79	Caterpillar	\$32,682	\$17,087	\$15,595	\$112	
80	Citigroup	\$32,280	\$13,249	\$19,031	\$110	
81	Exelon	\$31,803	\$20,764	\$11,039	\$43	
82	United Airlines Holdings	\$31,395	\$4,245	\$27,150	\$11	***
83	Shell Oil	\$31,311	\$18,905	\$12,406		
84	Los Angeles Fire & Police	\$31,095	\$31,095			
85	PepsiCo	\$30,886	\$17,294	\$13,592	\$217	
86	Chevron	\$30,608	\$11,674	\$18,934	\$323	
87	National Electric	\$30,450	\$17,912	\$12,538		
88	World Bank	\$30,359	\$30,359			
89	Illinois State Board	\$30,308	\$24,797	\$5,511		
90	PG&E	\$29,733	\$21,639	\$8,094	\$22	***
91	FCA US	\$29,623	\$20,006	\$9,617		
92	Louisiana Teachers	\$29,449	\$26,489	\$2,960		
93	Intel	\$29,174	\$1,584	\$27,590	\$190	
94	Costco Wholesale	\$29,000		\$29,000	\$238	
95	Dow	\$28,784	\$16,273	\$12,511	\$43	
96	New York City Deferred Comp.	\$28,580		\$28,580		
97	National Railroad	\$28,411	\$28,400	\$11		
98	Deloitte	\$27,977	\$8,535	\$19,442		
99	Illinois State Universities	\$27,538	\$23,785	\$3,753		
100	Ascension	\$27,384	\$9,664	\$17,720		
	TOTAL	\$8,258,979	\$5,888,412	\$2,370,567		

The point is: workers, as a whole, own a huge chunk of America's capital assets, yet many seem to be unaware of it. A person retiring with a \$30,000 per-year pension and a life expectancy of 20 to 25 years may think he's poor, but if he receives the same amount in a lump sum, may consider himself rich. Same data—different perceptions. (The present value of \$30,000 per year for 25 years using a discount rate of 2% is \$597,000.)

We always discuss participation in the economy as though consumers, producers (workers), and owners are separate individuals. We are all consumers. One third of us are workers. Through our retirement plans, most workers are also significant owners of industry, they just don't realize it yet.

Note that public sector plans are heavily defined benefit (DB), while corporate plans have gradually moved to defined contribution (DC) plans. This is in response to the stagflation of the 1970s. Inflation drove retirees to demand higher pension benefits at the same time that stagflation and recession drove corporate profits down, driving many companies towards bankruptcy.

Many public sector plans are currently underfunded by 20-30% or more. A repeat of stagflation would drive them into further underfunding, necessitating benefit reduction and/or tax increases.

The comments made in this article are opinions and are not intended to be investment advice or a forecast of future returns.

* Retirement fund data (total assets, DB assets, & DC assets) as of 9/30/2021. Defined benefit (DB) and defined contribution (DC) breakouts were not available or applicable to all funds.

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** Company market capitalization as of March 2022. Source: Bloomberg.

*** Denotes pension plan assets are greater than the market value of the company.

