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## Pension fund investments influenced by wartime slogan



BY COLIN A. YOUNG

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AUG. 5, 2025.....Trotsky took inspiration from Winston Churchill, crediting it with helping guide the Massachusetts Pension Reserves Investment Management's main investment fund to another record level, \$115.4 billion.

That would be Michael Trotsky, PRIM's executive director and chief investment officer, of course -- not the Marxist leader of the Russian Revolution, Leon Trotsky. The modern day Trotsky told the PRIM Investment Committee on Tuesday morning that PRIM leaned on the British prime minister's wartime slogan as it navigated a turbulent fiscal year 2025 for the markets.

"Earlier in the year during a period of unusually high market volatility, I invoked the calm wisdom of Warren Buffet when following 'Black Monday,' the single largest single day drop in the market's history, he said that the key to success is to 'insulate thoughts and behavior from the super-contagious emotions.' We also drew inspiration from the iconic Winston Churchill era slogan, 'Keep Calm and Carry On,' "

he said, according to a copy of his prepared remarks. "Throughout the tumultuous year, our team's calmness and focus proved invaluable."

## WHAT'S MENTIONED IN THIS ARTICLE

### LEGISLATORS



**Michael Rodrigues**

District First Bristol and Plymouth



**Aaron Michlewitz**

District 3rd Suffolk



[Trotsky reported](#) that the Pension Reserves Investment Trust (PRIT) fund established a new high-water mark in the fiscal year that ended June 30, a record balance of \$115.4 billion, up from the \$105.3 billion record set last year and from \$96.6 billion two years ago. He said the fund posted a net return of 9.6% to gain \$10.1 billion over the fiscal year.

"For the first time since fiscal year 2019, all seven major asset classes posted positive returns, reflecting the unanticipated strength and resilience of global financial markets during a period marked by intense geopolitical strains and elevated economic and policy uncertainty," he told the Investment Committee.

The retirement funds of state employees, teachers and many municipal employees in Massachusetts are invested through PRIM and its PRIT fund. Officials have said there are more than 300,000 beneficiaries of the fund. Trotsky said Tuesday that "PRIM did not have any liquidity stress whatsoever during the turbulent year, and we easily met all funding commitments."

The [most recent valuation report](#) for the state's total pension obligation, released in January, found an unfunded actuarial accrued liability of approximately \$42.252 billion as of Jan. 1, 2024. Beacon Hill is working along a schedule to fully fund that pension liability by 2036, though it is legally required by 2040.

Investment returns are only one piece of the state's pension funding approach.

The [revenue agreement](#) that Senate Ways and Means Chairman [Michael Rodrigues](#), House Ways and Means Chairman [Aaron Michlewitz](#) and Administration and Finance Secretary Matthew Gorzkowicz agreed to for fiscal 2026 calls for a \$4.933 billion transfer to the state pension fund -- \$432 million more than in fiscal 2025. About \$600 million of that transfer will come from capital gains tax revenue that is expected to come in above a certain threshold, part of [a shift in Democrats' strategy](#) for state savings. Rather than let hundreds of millions of dollars in capital gains tax revenue automatically inflate the planned deposit to the Stabilization Fund, the House and Senate newly agreed in the fiscal year 2026 budget to a framework that will send 90% of excess capital gains to the pension liability.

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