

# Media Release

IFM Investors 



## IFM Investors releases policy blueprint aimed at unlocking pension capital investment in US infrastructure

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IFM Investors, a global pension capital investor owned by 15 Australian pension funds and UK pension fund Nest, today released a landmark policy blueprint aimed at unlocking pension capital investment in US infrastructure.

IFM invests on behalf of over 32 million US and Australian workers through their pension funds, including nurses, teachers, hospitality, retail and construction workers.

Australian pension capital is projected to be the second largest pension system in the world by 2035, second only to the US, with approximately US\$3 billion in-flows into the US\$3 trillion system every week.

As the system has grown and matured, Australian pension funds have been increasingly investing in international markets to help diversify their portfolios, manage risks and deliver long-term returns for their members. Large institutional pension funds are now investing nearly half their assets in international markets and the US is the top destination for this investment.

The Blueprint, *Revitalizing US Infrastructure: The Pension Capital Advantage*, proposes practical reforms to help address the US infrastructure funding gap by expanding the pipeline of investable projects and attracting long-term pension capital investment for roads, energy systems, ports, airports and other critical US assets.

The Blueprint sets out how Australian and US pension funds can together invest in America's future through policy changes that could unlock billions of dollars in long-term capital for US infrastructure investment through a program of "asset recycling".

The Blueprint proposes US States consider "asset recycling" by leasing existing infrastructure to long term investors like US and Australian pension funds, and use the proceeds to build new infrastructure needed by communities, like schools and hospitals. The model has worked in Australia.

Australian pension funds are leaders in private markets investment, with a more than 30-year track record in investing in critical infrastructure assets at scale and for the long-term. IFM invests US\$184.1 billion on behalf of more than 800 institutional investors globally, including more than 200 US pension funds, and is invested in infrastructure assets across more than 30 US states, including in the transportation, energy, utilities and communication sectors.

A global survey of institutional investors recently published by IFM Investors, PM700, found that most global institutional investors, including pension funds, plan to increase their exposure to infrastructure equity in coming years. Total investment by Australian pension funds in private US infrastructure projected to increase to \$67 billion by 2035.

The launch comes at a critical moment for the US as the American Society of Civil Engineers estimates the country faces a US\$3.7 trillion infrastructure funding gap through 2033, underscoring the importance of enabling new funding models to ensure the resilience and productivity of essential infrastructure.

Key policy recommendations outlined in the blueprint include:

- **States partner with investors of pension capital to embark on a program of asset recycling** – Asset recycling can provide a way for state and local governments to **monetize** existing (brownfield) infrastructure – like roads and airports – and can provide an injection of funding they can reinvest in new assets like schools and hospitals.
- **To accelerate: the Federal Government provide incentives for states and municipalities to accelerate a program of asset recycling through a pilot Infrastructure Investment Incentive Grants (I3Gs) initiative** – A federal I3G program would encourage state and local governments to accelerate a program of asset recycling through incentive payments (time-limited and budget capped) that are earned once states successfully attract private investment in brownfield assets and redeploy that capital in other qualifying infrastructure.
- **Regulatory reform to allow investors to retain existing tax-exempt debt under public-private partnership (P3) arrangements** - Current regulations require state and local governments to retire (pay-off) any outstanding tax-exempt debt associated with a specific infrastructure asset when entering into P3 arrangements for that asset. Allowing existing tax-exempt debt to remain outstanding under concession arrangements could make P3s more attractive for governments and investors.
- **To accelerate: Tax law amendments to allow the use of new tax-exempt debt to acquire P3 concessions and unlock additional capital for investment in US infrastructure** – P3 transaction economics could be made even more compelling for state and local governments with additional reforms to permit private investors, including pension funds, to use new tax-exempt debt to acquire P3 leases of brownfield infrastructure.

Pension capital, including US retirement savings, is ideally suited for infrastructure investment given the long-term investment horizon, inflation-linked cash flows and alignment with the needs of local communities.

This week, leaders of Australian pension funds – known as superannuation funds – are travelling to San Francisco, Washington DC and New York for the Australian Superannuation Investment Summit, highlighting Australia's role as a global capital provider and to explore new opportunities in the US.

Based on current trends, total investment by Australian pension funds into the US is set to triple from \$500 billion to just over \$1.5 trillion by 2035 – creating attractive funding prospects to help America meet its growing infrastructure needs.

#### **Quotes attributable to IFM Investors Head of Global External Relations David Whiteley:**

*“The US, like most developed nations, faces a clear challenge – infrastructure needs are growing faster than the public funding needed to support them. US and Australian Pension funds can be part of the solution. Australia is home to one of the world’s fastest growing pension capital systems.”*

*“This blueprint outlines straightforward reforms to unlock pension capital for long-term infrastructure investment. With the right policy settings, pension capital can play a major role in modernizing America’s infrastructure, delivering for US communities and for the long-term retirement savings of working people in both Australia and the US.”*

#### **About IFM Investors**

IFM Investors is a global asset manager, founded and owned by pension funds, with capabilities in infrastructure equity and debt, private equity, private credit, real estate and listed equities. With assets under management of approximately US\$184.1 billion as of January 2026, we serve more than 800 institutional investors worldwide, operating from 17 offices across Australia, Europe, North America and Asia.

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