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US Pension Funds Push Back on Musk Pay Plan

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A coalition of U.S. labor unions and advocacy groups has called on state financial officers to oppose a newly awarded compensation package for Tesla CEO Elon Musk, citing

potential risks to public pension funds and workers' retirement savings.

The appeal, outlined in a letter shared with Reuters, was backed by organizations including the American Federation of Teachers and MoveOn. These groups urged officials managing state pension funds, among the largest investors in the United States, to pressure asset managers to vote against Musk's new pay plan and to demand greater independence on Tesla's board.

Tesla and Musk have yet to respond to the concerns. The issue comes as part of an ongoing legal dispute over Musk's record-breaking 2018 pay package. In January 2024, Delaware Chancellor Kathaleen McCormick voided the package, valued at roughly \$56 billion, describing it as "unfathomable" and approved by a conflicted board.

Earlier this month, Tesla issued Musk 96 million new shares worth approximately \$29 billion as an interim award while the 2018 compensation package remains under appeal. The company has argued that Musk's leadership is critical to its strategic shift from a primarily electric-vehicle manufacturer to a business focused on robotics and artificial intelligence.

Shareholders approved the payout in June 2024 and supported relocating Tesla's legal base to Texas. However, legal challenges continue, and the matter is expected to go through additional appeals in the coming months.

The coalition of unions and advocacy groups argues that such large-scale compensation plans threaten shareholder value and could negatively impact long-term pension fund performance. "Shareholders in Tesla shouldn't face dilutions so that the wealthiest man in the world can be handed additional Tesla shares," one advocate wrote in an email.

Tesla has not yet released the proxy statement for its upcoming annual meeting, but the groups believe the compensation issue will be part of the agenda. They are calling on state officials to vote against any new pay package and to oppose the re-election of directors who, in their view, lack independence from Musk.