

Pension Funding Status Quarterly

JULY 2025

Pension Funded Status Increases in Q2

MetLife Investment Management (MIM), the institutional asset management business of MetLife, Inc., estimates that, as of June 30, 2025, the average U.S. corporate pension funded status rose to 105.1%. This was up 2.1% from 103.0% as of March 31. MIM manages approximately \$600 billion in total assets under management, including over \$30 billion of long duration and liability driven investments.

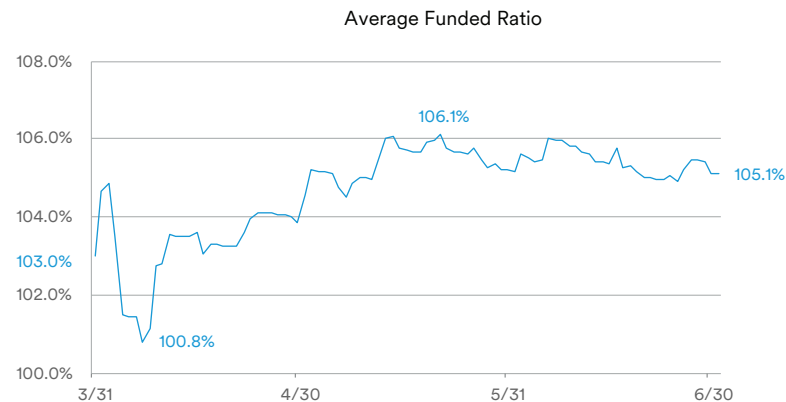
Monthly funded status, changes and primary drivers during Q2:

- March 31: 103.0%
- April 30: 103.9%, funded status improved, driven by strong equity returns.
- May 31: 105.2%, funded status improved, driven again by strong equity returns.
- June 30: 105.1%, funded status fell slightly, as liability losses exceeded equity gains.

Pension Volatility

Looking at pension funded status quarterly often masks the daily volatility experienced by plans. During the second quarter, average pension funded status reached its low as of April 2nd at 100.8%. Funded status reached its peak on May 21 at 106.1%. Discount rates began the quarter at 5.26%, which was the lowest point for the quarter. Rates then rose to 5.78% on May 21 before falling to finish the quarter at 5.37%.

Chart 1 | Daily Volatility



Sources: Bloomberg, MIM analysis.

“Stocks had a strong second quarter, driving pension asset returns. Both domestic and international equities had double digit returns.”

—Steve Mullin, CFA
Head of High-Grade Strategies

“Discount rates rose slightly during the quarter largely offsetting liability increases.”

—Jeff Passmore, CFA
Lead LDI Solutions Strategist

Asset Performance

MIM estimates that the average pension allocation for Russell 3000 companies is 22% equities, 56% bonds and 22% alternatives. Within these broad asset classes, we have estimated allocations to market segments, associated each with an index and calculated the average 2Q25 asset return for U.S. corporate pension plans to be 2.8%.

Asset Class	Index	Average Allocation	Returns 1Q25
Domestic Equities	FTSE Russell 3000 Index	13	10.6%
International Equities	MSCI EAFE USD	9	10.6%
Long Bonds	Bloomberg U.S. Long Government/Credit	42	-0.2%
Core Bonds	Bloomberg Aggregate	12	1.2%
Hedge Funds	Bloomberg All Hedge Fund	7	2.5%
Private Equity	S&P Listed Private Equity	6	6.8%
Commodities	Bloomberg Commodity	6	-4.1%
Real Estate	FTSE NAREIT	2	-0.9%
Cash	U.S. Treasury Three-month bill	2	1.1%
Total		100	2.8%

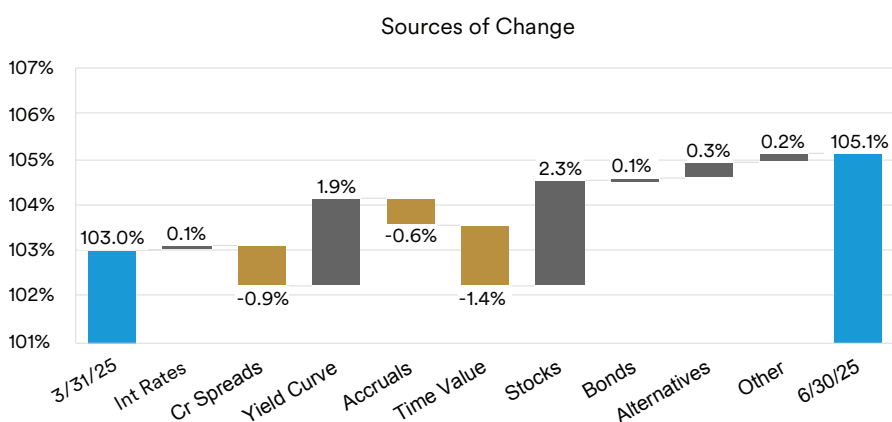
Sources: Bloomberg, MIM analysis, figures rounded.

Sources of Volatility

Pension liabilities remained relatively flat thanks to rising interest rates. Discount rates rose by 11 basis points with an increase of 1 basis point in 10-year U.S. Treasury yields offset by AA-rated long corporate bond spread tightening of 9 basis points. Changes in the discount yield curve accounted for 19 basis points of widening. Benefit accruals decreased funded status by 0.6% (2.3% annually) and interest cost decreased funded status by 1.4% (5.5% annually). Interest cost is the change in the time value of pensions.

Asset gains outpaced liability increases. Equities increased funded status by 2.3%, bonds and alternatives increased funded status by 0.1% and 0.3% respectively.

Chart 2 | Funded Status 2Q 2025

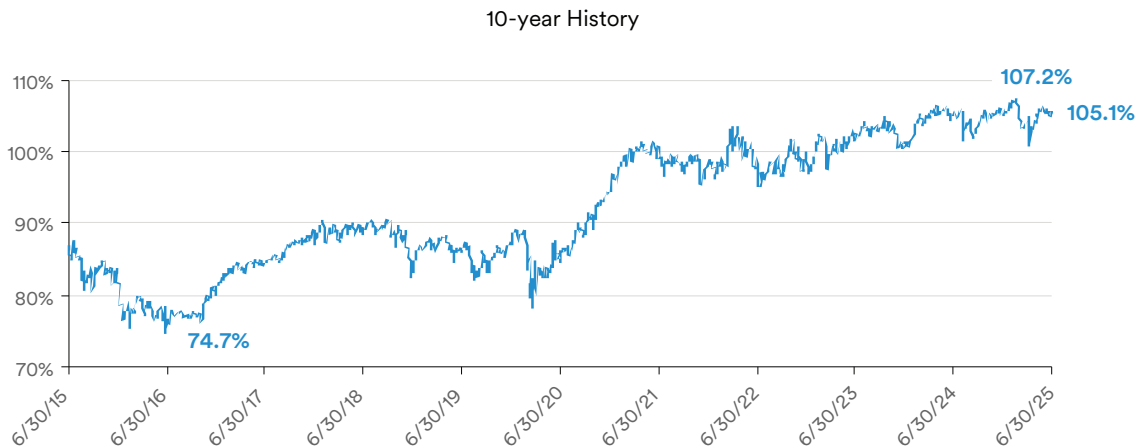


Sources: Bloomberg, MIM analysis, figures rounded.

Historical Context

Over the past 10 years, pension funded status was lowest on June 27, 2016 at 74.7% and peaked on February 18, 2025 at 107.2%.

Chart 3 | Daily Funded Status



Sources: Bloomberg, MIM analysis.

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Stephen Mullin is the Head of High-Grade Fixed Income for MetLife Investment Management (MIM) and leads the Long Duration and LDI strategies team. He is a member of the firm's Public Fixed Income Investment Committee, a portfolio manager on the investment grade credit team and a managing director in the firm's Philadelphia office. Steve joined MIM in September 2017, in connection with the acquisition of Logan Circle Partners (LCP) by MetLife and has over 20 years of industry experience. He received a Bachelor of Science degree with a double major in finance and accounting from Fairfield University. He is a CFA® charterholder.



Jeffrey Passmore is Lead LDI Strategist for the Long Duration and LDI strategies team at MetLife Investment Management (MIM). He is a credentialed pension and investment actuary and liability driven investment strategist. Jeff joined MIM in 2022 and has over 30 years of industry experience. Jeff received a Bachelor of Science degree in math from the University of Texas. He is a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, a CFA® charterholder, the two-time past chairperson of the Investment Section of the Society of Actuaries and a member of the Pension Section of the SOA.

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Our analysis is based on SEC Form 10-K information for over 500 companies in the Russell 3000 companies reporting pensions.

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