

# Pension Funding Status

## Quarterly

January 17, 2025

### \$600B

Total AUM  
as of December 31, 2024

### \$30B

Long Duration and LDI  
as of December 31, 2024

*“Pension assets decreased during the fourth quarter with international stocks and bonds posting losses.”*

**Steve Mullin, CFA**  
Head of High-Grade Strategies

*“Pension liabilities decreased, leading to a quarterly increase in funded status.”*

**Jeff Passmore, CFA**  
Lead LDI Strategist

### Pension Funded Status Increases in Q4

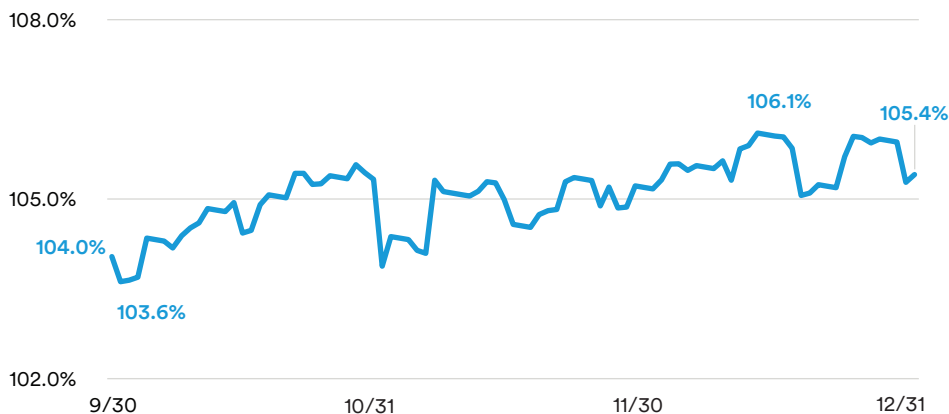
MetLife Investment Management (MIM), the institutional asset management business of MetLife, Inc., estimates that, as of December 31, 2024, the average U.S. corporate pension funded status rose to 105.4%. This was up 1.4% from 104.0% as of September 30. MIM manages approximately \$600 billion<sup>1</sup> in total assets under management, including over \$30 billion of long duration and liability driven investments.

### Pension Volatility

Looking at pension funded status quarterly often masks the daily volatility experienced by plans. During the fourth quarter, average pension funded status reached its low on October 1 at 103.6%.<sup>2</sup> Funded status reached its peak on December 13 at 106.1%.<sup>2</sup> Discount rates began the quarter at 4.86% then fell briefly to 4.81%<sup>2</sup> on October 1. They rose to a peak of 5.49%<sup>2</sup> at December 27 then receded slightly to finish the quarter at 5.47%.<sup>2</sup>

#### Daily Volatility

Average Funded Ratio



Sources: Bloomberg, MIM analysis



<sup>1</sup> At estimated fair value. Includes all MetLife general account and separate account assets and unaffiliated/third-party assets managed by MIM. See [Total AUM Fact Sheet](#) for further information.

<sup>2</sup> Sources: Bloomberg, MIM analysis

## Asset Performance

MIM estimates that the average pension allocation for Russell 3000 companies is 33% equities, 49% bonds and 18% alternatives. Within these broad asset classes, we have estimated allocations to market segments, associated each with an index and calculated the average 4Q24 asset return for U.S. corporate pension plans to be -3.4%.

Asset Class	Index	Average Allocation	Returns 4Q24
Domestic Equities	FTSE Russell 3000 Index	22	2.3%
International Equities	MSCI EAFE USD	11	-8.4%
Long Bonds	Bloomberg U.S. Long Government/Credit	35	-7.4%
Core Bonds	Bloomberg Aggregate	12	-3.1%
Hedge Funds	Bloomberg All Hedge Fund	6	1.5%
Private Equity	S&P Listed Private Equity	5	2.3%
Commodities	Bloomberg Commodity	5	-1.6%
Real Estate	FTSE NAREIT	2	-8.2%
Cash	U.S. Treasury Three-month bill	2	1.2%
<b>Total</b>		<b>100</b>	<b>-3.4%</b>

Sources: Bloomberg, MIM analysis

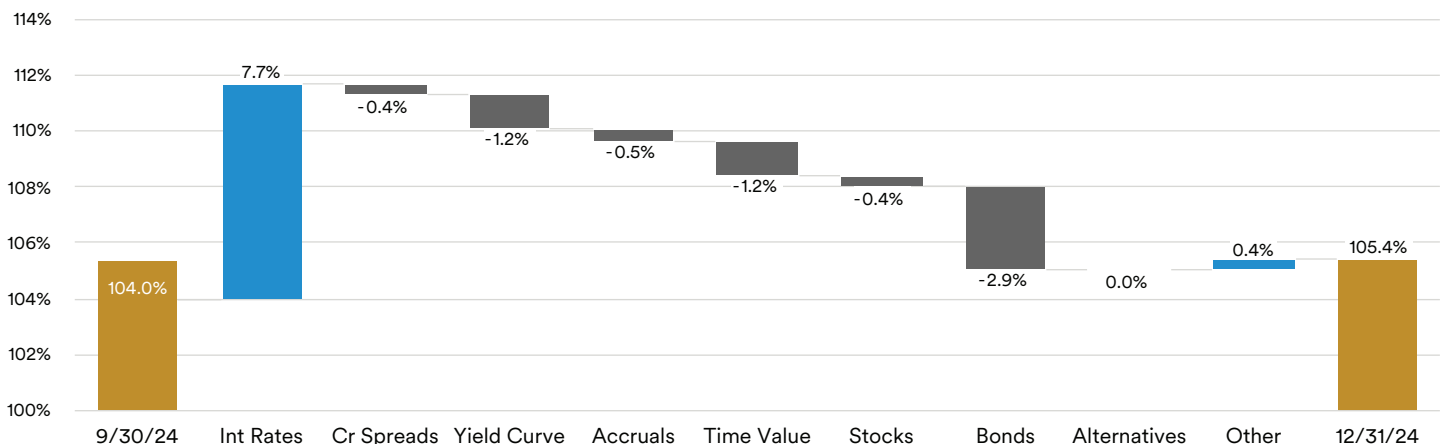
## Sources of Volatility

Pension liabilities decreased due to rising interest rates. Discount rates rose by 61 basis points with a increase of 77 basis points in interest rates and spread tightening of four basis points. Changes in the discount yield curve accounted for 12 basis points of further tightening. Benefit accruals decreased funded status by 0.5% (1.8% annually) and interest cost decreased funded status by 1.2% (4.8% annually). Interest cost is the change in the time value of pensions. We decreased our estimate of plan duration this quarter to reflect the shortening nature of U.S. corporate pensions, most of which are frozen.

Asset losses partially offset liability decreases. Equities decreased funded status by -0.4%, bonds by -2.9% and alternatives were flat.

### Funded Status Q4 2024

Sources of Change



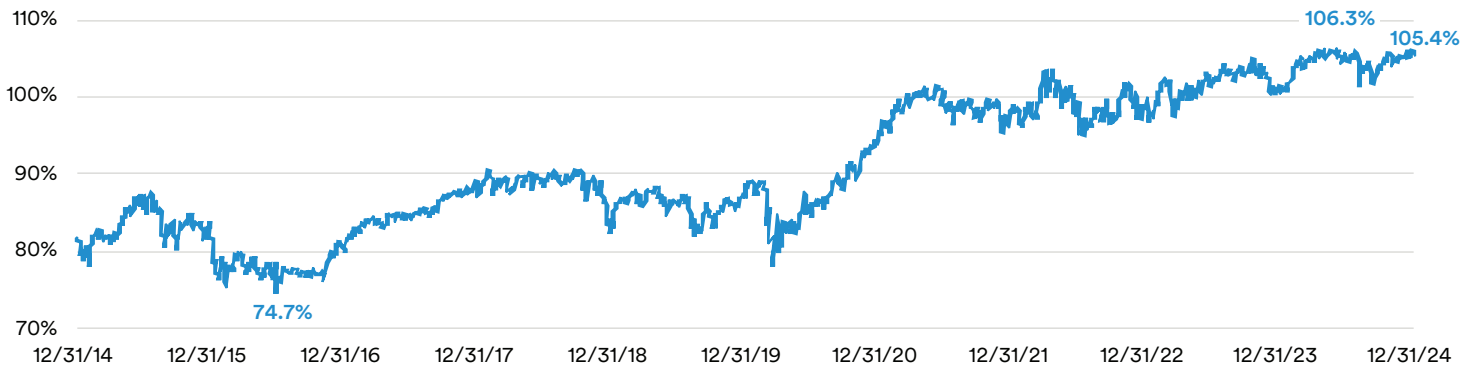
Sources: Bloomberg, MIM analysis

## Historical Context

Over the past 10 years, pension funded status was lowest on June 27, 2016 at 74.7% and peaked on May 28, 2024 at 106.3%.

### Daily Funded Status

10-year History



Sources: Bloomberg, MIM analysis



#### Stephen Mullin, CFA

*Head of High-Grade Strategies*

Stephen (Steve) Mullin is a Managing Director and Head of High-Grade for MetLife Investment Management's (MIM) Fixed Income group. In this capacity, he is responsible for the oversight of the firm's Core-Based, Corporate, Long Duration and LDI strategies. He is the lead Portfolio Manager on the firm's Long Duration and LDI strategies and is a Co-Portfolio Manager on Core-Based and Corporate strategies. He is also a member of the firm's Fixed Income Investment Committee.

Stephen joined MIM in September 2017 in connection with the acquisition of Logan Circle Partners (LCP). Prior to joining LCP, he was a member of the Long Duration Portfolio Management team at Delaware Investments. Before joining Delaware Investments, Stephen created custom liability indices and performed asset/liability studies for clients, including public and private defined benefit plans, insurance companies, and state lotteries at Ryan Labs. Stephen has over 20 years of industry experience.

Stephen earned a B.S. in Finance and Accounting from Fairfield University. He is a CFA® charterholder.



#### Jeffrey Passmore, CFA

*Lead LDI Strategist*

Jeffrey (Jeff) Passmore is a 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 January of 2022. Prior to joining MIM, he worked on the long duration teams at Barrow Hanley Global Investors (BHGI) and at Standish Mellon. In these roles, he created custom liability indices, provided asset/liability reporting, designed liability hedging overlay strategies and performed asset/liability studies for the firm's clients, including public and private defined benefit plans, insurance companies, funded retiree medical plans and state prepaid college tuition programs. Before working in investment management, Jeff was an investment consultant and consulting pension actuary and was the retirement practice leader of the Texas offices for two global pension consulting firms. Jeff has 31 years of pension industry experience.

Jeff received a Bachelor of Science degree in mathematics from the University of Texas in Austin. He is a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, a CFA® charterholder and the two-time past chairperson of the Investment Section of the Society of Actuaries.

# About MetLife Investment Management

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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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