

Pension Funding Status Quarterly

April 11, 2025

“Fixed income assets more than offset equity losses during the first quarter. Bond allocations continue to increase as corporations lock in pension funded status improvements.”

Steve Mullin, CFA
Head of High-Grade Strategies

“Falling interest rates caused pension liabilities to increase, leading to a quarterly decrease in funded status.”

Jeff Passmore, CFA
Lead LDI Strategist

Pension Funded Status Decreases in Q1

MetLife Investment Management (MIM), the institutional asset management business of MetLife, Inc., estimates that, as of March 31, 2025, the average U.S. corporate pension funded status fell to 103.0%. This was down 2.4% from 105.4% as of December 31. MIM manages approximately \$600 billion¹ in total assets under management, including over \$30 billion of long duration and liability driven investments. **A new record-high funded ratio was achieved during the first quarter as the average reached 107.2%² on February 18, 2025.**

Monthly Funded Status, Changes and Primary Drivers During Q1:

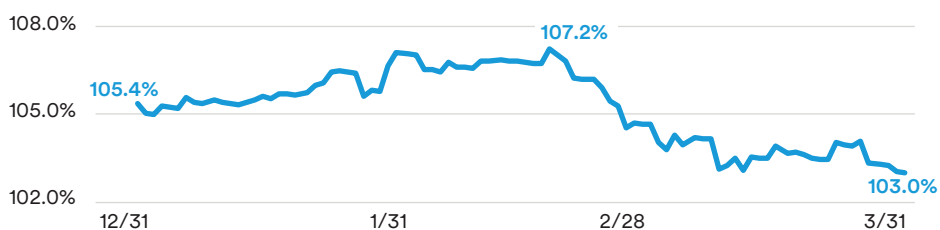
- **December 31:** 105.4%
- **January 31:** 107.1%, funded status improved, driven by strong equity and alternatives returns
- **February 28:** 104.7%, funded status fell, driven by lower discount rates and equity losses
- **March 31:** 103.0%, funded status fell, primarily because of equity losses

Pension Volatility

Looking at pension funded status quarterly often masks the daily volatility experienced by plans. During the first quarter, average pension funded status reached its low as of quarter-end at 103.0%.³ Funded status reached its 10-year peak on February 18 at 107.2%.³ Discount rates began the quarter at 5.47% then rose to 5.63% on January 13. They fell to 5.12%³ on March 3 before recovering slightly to finish the quarter at 5.26%.³

Daily Volatility

Average Funded Ratio



Sources: Bloomberg, MIM analysis. As of 3/31/25.

¹ 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.

² MIM as of 3/31/25.

³ Sources: Bloomberg, MIM analysis.

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 1Q25 asset return for U.S. corporate pension plans to be 1.9%.

Asset Class	Index	Average Allocation	Returns 1Q25
Domestic Equities	FTSE Russell 3000 Index	13	-5.0%
International Equities	MSCI EAFE USD	9	6.1%
Long Bonds	Bloomberg U.S. Long Government/Credit	42	3.6%
Core Bonds	Bloomberg Aggregate	12	2.8%
Hedge Funds	Bloomberg All Hedge Fund	7	0.7%
Private Equity	S&P Listed Private Equity	6	-6.1%
Commodities	Bloomberg Commodity	6	7.7%
Real Estate	FTSE NAREIT	2	2.8%
Cash	U.S. Treasury Three-month bill	2	1.1%
Total		100	1.9%

Sources: Bloomberg, MIM analysis, figures rounded. As of 3/31/25.

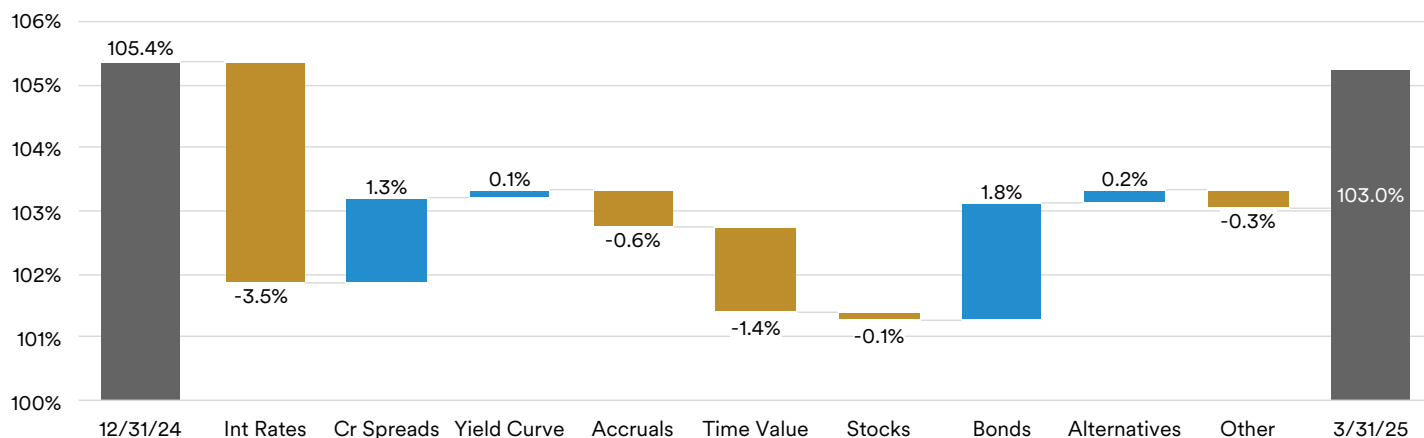
Sources of Volatility

Pension liabilities increased due to falling interest rates. Discount rates fell by 21 basis points with a decrease of 35 basis points in interest rates and spread widening of 13 basis points. Changes in the discount yield curve accounted for 1 basis point of further 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 partially offset liability increases. Equities decreased funded status by -0.1%, bonds and alternatives increased funded status by 1.8% and 0.2% respectively.

Funded Status Q1 2025

Sources of Change



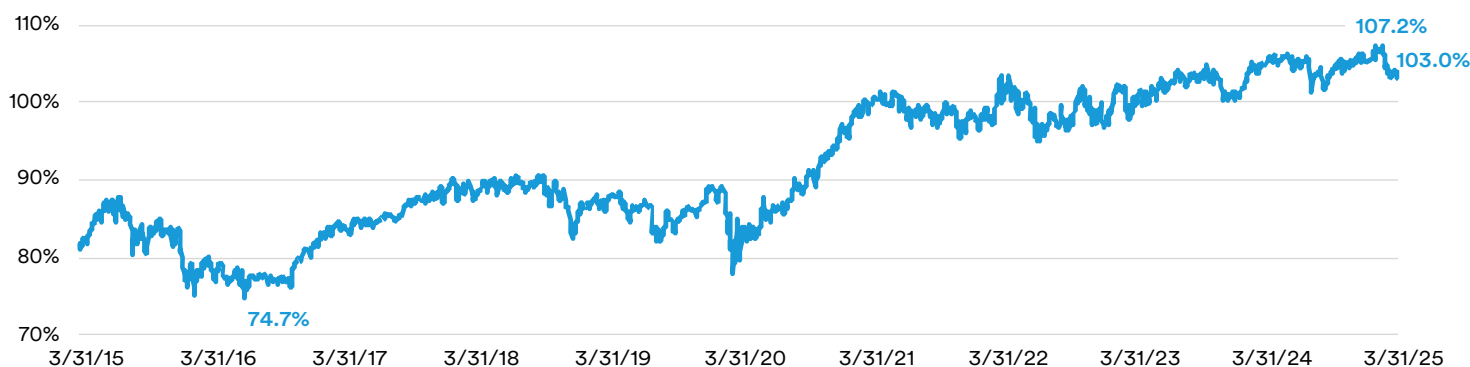
Sources: Bloomberg, MIM analysis. As of 3/31/25.

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%.

Daily Funded Status

10-year History



Sources: Bloomberg, MIM analysis. As of 3/31/25.



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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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