

Pension Funding Status Quarterly

September 2025

Pension Funded Status Increases in Q3

MetLife Investment Management (MIM), the institutional asset management business of MetLife, Inc., estimates that, as of September 30, 2025, the average U.S. corporate pension funded status rose to 105.3%. This was up 0.2% from 105.1% as of June 30, 2025. MIM had \$632.6 billion of total assets under management as of September 30, 2025, including over \$30 billion of long-duration and liability-driven investments.

Monthly funded status, changes and primary drivers during Q3:

- June 30: 105.1%
- July 31: 105.0%: funded status largely unchanged; asset returns offset liability increase.
- August 31: 106.2%: funded status improved, driven again by strong equity returns.
- September 30: 105.3%: funded status fell, driven by discount rate decrease.

Pension Volatility

Looking at pension funded status quarterly often masks the daily volatility experienced by plans. During the third quarter, average pension funded status reached a high of 106.6% on July 24 and hit its low as of August 3 at 104.2%. Discount rates began the quarter at 5.37%. They rose to their high of 5.58% on July 15, then fell to their low of 5.15% on September 15. They recovered to finish the quarter at 5.20%.

“Assets continued to improve pension balance sheets with positive returns across all asset classes in the third quarter. Stocks, especially U.S. stocks, continued their leadership.”

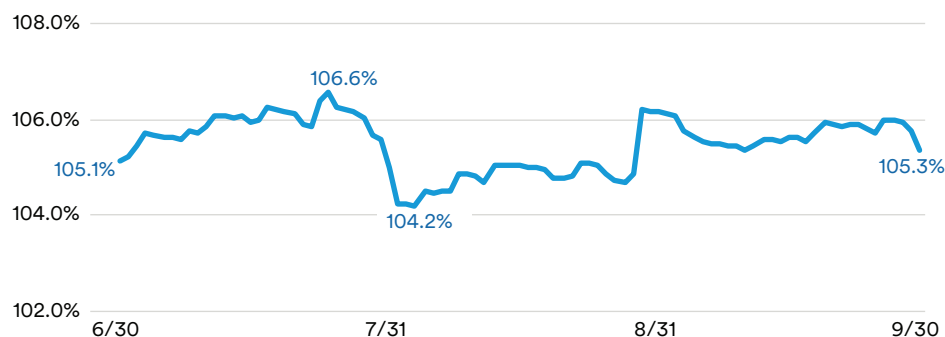
—Steve Mullin, CFA
Head of High-Grade Strategies

“Discount rates fell slightly during the quarter, largely offsetting asset increases.”

—Jeff Passmore, CFA
Lead LDI Solutions Strategist

Chart 1 | Daily Volatility

Average Funded Ratio



Sources: Bloomberg, MIM analysis. Data as of September 30, 2025.

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 3Q25 asset return for U.S. corporate pension plans to be 3.7%.

Asset Class	Index	Average Allocation	Returns 3Q25
Domestic Equities	FTSE Russell 3000 Index	13	7.8%
International Equities	MSCI EAFE USD	9	4.2%
Long Bonds	Bloomberg U.S. Long Government/Credit	42	3.2%
Core Bonds	Bloomberg Aggregate	12	2.0%
Hedge Funds	Bloomberg All Hedge Fund	7	5.6%
Private Equity	S&P Listed Private Equity	6	0.8%
Commodities	Bloomberg Commodity	6	2.6%
Real Estate	FTSE NAREIT	2	2.7%
Cash	U.S. Treasury Three-month bill	2	1.1%
Total		100	3.7%

Sources: Bloomberg, MIM analysis, figures rounded. Data as of September 30, 2025.

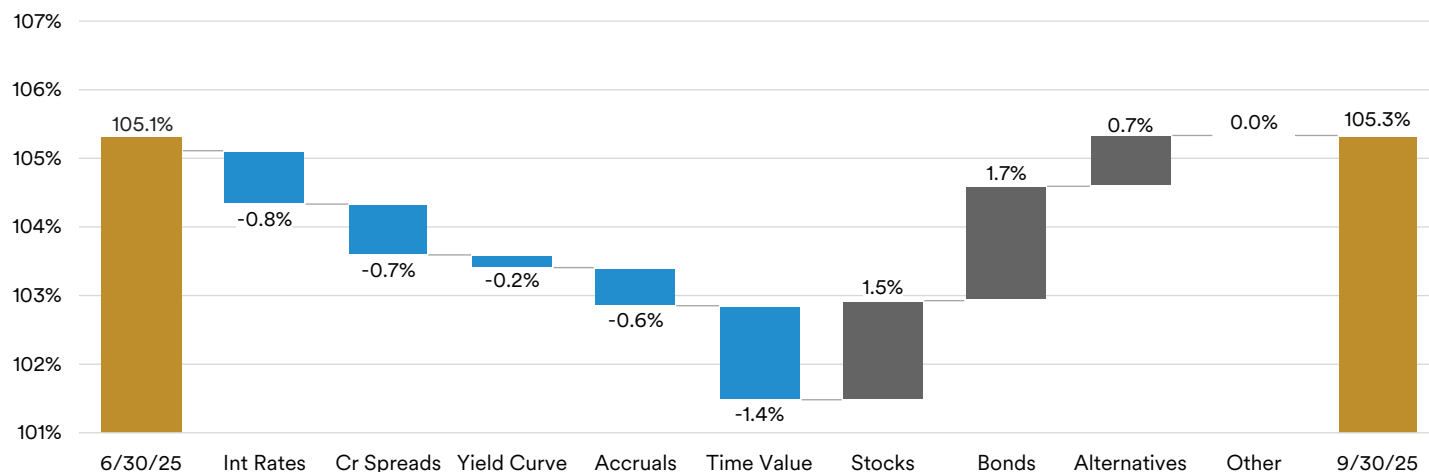
Sources of Volatility

Pension funded status remained relatively flat thanks to strong equity returns offsetting falling interest rates. Discount rates decreased by 17 basis points (bps), with a decrease of 8 bps in 10-year U.S. Treasury yields complemented by AA-rated long corporate bond spread tightening of 7 bps. Changes in the discount yield curve accounted for 2 basis points of further tightening. 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 1.5%; bonds and alternatives increased funded status by 1.7% and 0.7%, respectively.

Chart 2 | Funded Status Q3 2025

Sources of Change



Sources: Bloomberg, MIM analysis, figures rounded. Data as of September 30, 2025.

Historical Context

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

Chart 3 | Daily Funded Status

10-year History



Sources: Bloomberg, MIM analysis. Data as of September 30, 2025.

MetLife Investment Management, the institutional asset management business of MetLife, Inc. (NYSE: MET), is a global public fixed income, private capital and real estate investment manager providing tailored investment solutions to institutional investors worldwide. MetLife Investment Management provides public and private pension plans, insurance companies, endowments, funds and other institutional clients with a range of bespoke investment and financing solutions that seek to meet a range of long-term investment objectives and risk-adjusted returns over time.



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® charter holder.



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® charter holder, 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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