

Pension Funding Status Quarterly

December 2025

Pension Funded Status Increases in Q4 2025

MetLife Investment Management (MIM), the institutional asset management business of MetLife, Inc., estimates that, as of December 31, 2025, the average U.S. corporate pension funded status rose to 106.0%. This was up 0.7% from 105.3% as of September 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 and Primary Drivers During Q4:

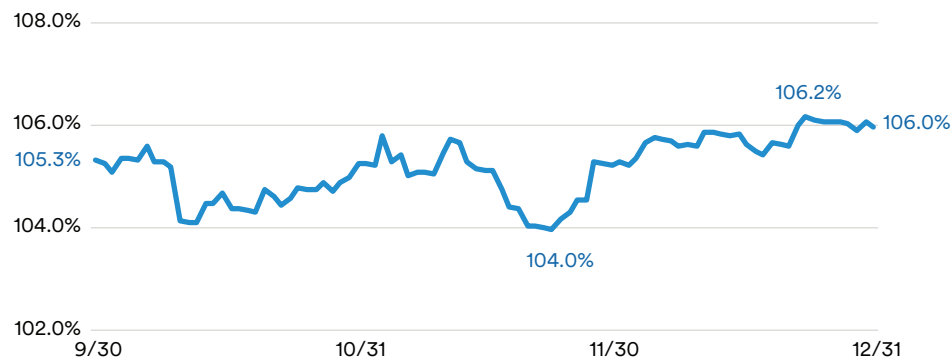
- September 30: 105.3%.
- October 31: 105.3%, modest stock returns offset service and interest costs.
- November 30: 105.2%, bond and alternatives returns offset service and interest costs.
- December 31: 106.0%, liabilities decreased as a result of a 15 bps increase in discount rates.

Pension Volatility

Looking at pension funded status quarterly often masks the daily volatility experienced by plans. During the fourth quarter, average pension funded status hit its low as of November 20th at 104.0% and reached its high of 106.2% on December 23rd. Discount rates began the quarter at 5.20%. They fell to their low of 5.02% on October 22nd then rose to their high of 5.33% on December 12th. They finished the quarter at 5.32%.

Chart 1 | Daily Volatility

Average Funded Ratio



Sources: Bloomberg, MIM analysis. Data as of December 31, 2025.

“Assets continued to improve pension balance sheets with positive returns across most asset classes in the fourth quarter. Commodities had the highest return last quarter. Stocks, especially International stocks, also posted strong returns.”

—Steve Mullin, CFA
Head of High-Grade Strategies

“Discount rates rose slightly during the quarter contributing to funded status improvements.”

—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 4Q25 asset return for U.S. corporate pension plans to be 1.0%.

| Asset Class | Index | Average Allocation | Returns 4Q25 |
|------------------------|---------------------------------------|--------------------|--------------|
| Domestic Equities | FTSE Russell 3000 Index | 13 | 2.1% |
| International Equities | MSCI EAFE USD | 9 | 4.5% |
| Long Bonds | Bloomberg U.S. Long Government/Credit | 42 | 0.0% |
| Core Bonds | Bloomberg Aggregate | 12 | 1.1% |
| Hedge Funds | Bloomberg All Hedge Fund | 7 | 1.1% |
| Private Equity | S&P Listed Private Equity | 6 | -2.5% |
| Commodities | Bloomberg Commodity | 6 | 4.8% |
| Real Estate | FTSE NAREIT | 2 | -2.1% |
| Cash | U.S. Treasury Three-month bill | 2 | 1.0% |
| Total | | 100 | 1.0% |

Sources: Bloomberg, MIM analysis, figures rounded. Data as of December 31, 2025.

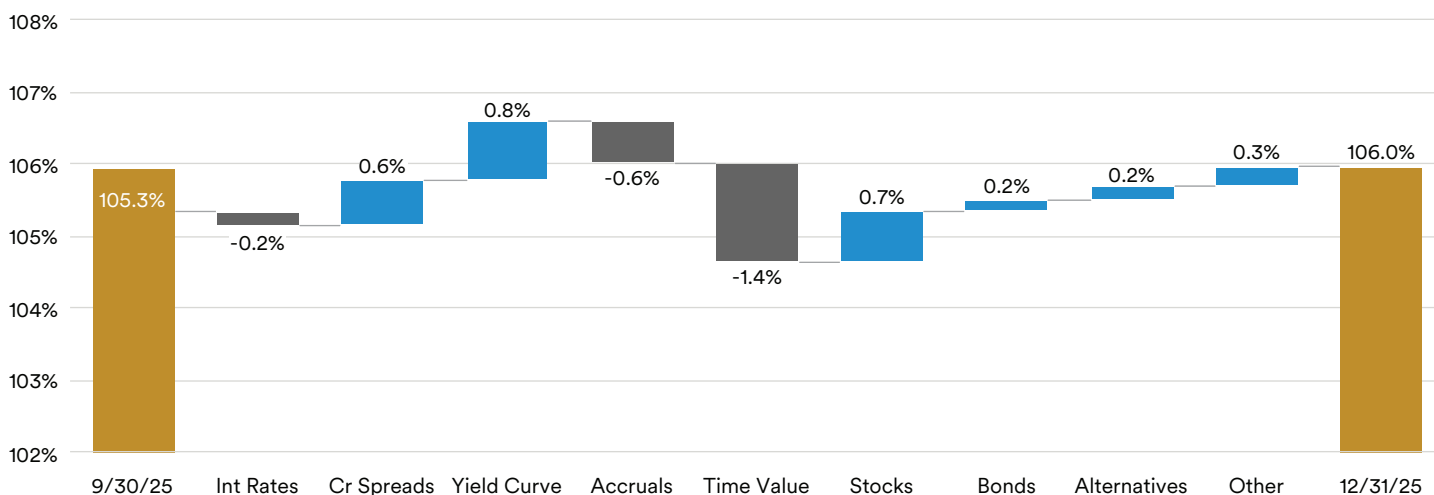
Sources of Volatility

Pension funded status increased slightly thanks to strong equity returns and rising rates. Discount rates increased by 12 basis points (bps) with a decrease of 2 bps in 10-year US Treasury yields offset by AA-rated long corporate bond spread widening of 6 bps. Changes in the discount yield curve accounted for 8 bps 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 and liability decreases combined to improve funded status modestly. Equities increased funded status by 0.7%, bonds and alternatives both increased funded status by 0.2%.

Chart 2 | Funded Status Q4 2025

Sources of Change



Sources: Bloomberg, MIM analysis, figures rounded. Data as of December 31, 2025.

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

10-year History



Sources: Bloomberg, MIM analysis. Data as of December 31, 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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