

AUGUST 2022

## U.S. Corporate Pension Plans Funding Status

### Wilshire Estimates One Percentage Point Increase in Aggregate Funded Ratio for U.S. Corporate Pension Plans in August.

The aggregate funded ratio for U.S. corporate pension plans increased by an estimated 1.0 percentage points month-over-month in August to end the month at 96.2 percent, according to Wilshire, a diversified global financial services firm. Through its suite of Outsourced Chief Investment Officer (OCIO) and advisory services, Wilshire assists in ensuring secure and safe retirements for millions of Americans, including those participating in some of the nation's largest corporate and public retirement plans.

The monthly change in funded ratio resulted from a 5.0 percent decrease in liability values mostly offset by a 4.1 percent decrease in asset values. Although the aggregate funded ratio is estimated to have stayed constant year-to-date, it is estimated to have increased by 2.1 percentage points over the trailing twelve months.

"August saw significant declines for both asset and liability values. The liability value experienced the second largest monthly decline this year, after the April decline, with discount rates estimated to have increased by approximately 40 basis points. Moving nearly in tandem with the liability value, the asset value decrease of this month was the seventh out of the past eight calendar months, but only the fourth steepest decline," stated Ned McGuire, Managing Director, Wilshire. "Despite this month's asset value decrease, the larger decrease in liability value resulted in August's estimated month-end funded ratio increasing to the same level seen at the beginning of the year." Mr. McGuire added.

A 12-month review of the funded ratio follows:

	Funded Ratio	Funded Ratio Change			Monthly Change In	
		MTD	YTD	1 Year	Assets	Liabilities
August 31, 2021	94.1%	1.3%	6.3%	9.9%	0.6%	-0.8%
September 30, 2021	92.9%	-1.2%	5.1%	10.0%	-3.0%	-1.7%
October 31, 2021	94.5%	1.6%	6.7%	11.8%	2.3%	0.6%
November 30, 2021	93.6%	-0.9%	5.8%	8.5%	-0.9%	0.1%
December 31, 2021	96.2%	2.6%	8.4%	8.4%	1.2%	-1.5%
January 31, 2022	95.9%	-0.3%	-0.3%	7.0%	-4.6%	-4.4%
February 28, 2022	96.0%	0.1%	-0.2%	4.8%	-2.5%	-2.6%
March 31, 2022	97.7%	1.7%	1.5%	4.2%	-1.5%	-3.2%
April 30, 2022	98.0%	0.3%	1.8%	3.9%	-7.7%	-8.0%
May 31, 2022	97.4%	-0.6%	1.2%	2.9%	-0.3%	0.2%
June 30, 2022	95.4%	-2.0%	-0.8%	1.9%	-5.4%	-3.2%
July 31, 2022	95.2%	-0.2%	-1.0%	2.4%	4.6%	4.6%
August 31, 2022	96.2%	1.0%	0.0%	2.1%	-4.1%	-5.0%

The aggregate figures represent an estimate of the combined assets and liabilities of corporate pension plans sponsored by S&P 500 companies with a duration in line with the FTSE Pension Liability Index – Short. The funded ratio is based on the FTSE – Short Liability, with service cost, benefit payments and contributions in line with Wilshire’s 2022 corporate funding study. The most current month-end liability growth is estimated using a FTSE Pension Liability Index – Short duration matched weighting of the Barclays Long & Intermediate Aa+ U.S. Corporate Indices.

The assumed asset allocation is below:

Asset Class	Allocation	Benchmark
U.S. Equity	25%	Wilshire 5000 Total Market Index
Non-U.S. Equity	15%	MSCI AC World ex U.S. (\$)
Core Fixed Income	26%	Bloomberg Barclays U.S. Aggregate
Long Duration Fixed Income	33%	Bloomberg Barclays Long Govt/Credit
Real Estate	1%	Wilshire US Real Estate Securities Index

## About Wilshire

Wilshire is a global provider of market-leading indexes, advanced analytics, and multi-asset investment solutions. A trusted partner to a diverse range of more than 500 institutional investors and financial intermediaries, our clients rely on us to improve investment outcomes for a better future.

Wilshire is headquartered in the United States with offices worldwide and advises on over \$1.3 trillion in assets, \$93 billion of which are assets under management.

## More information

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