

OCTOBER 2021

U.S. Corporate Pension Plans Funding Status

Wilshire Estimates Just Over One Percentage Point Increase in Aggregate Funded Ratio for U.S. Corporate Pension Plans in October.

The aggregate funded ratio for U.S. corporate pension plans increased by an estimated 1.1 percentage points month-over-month in October to end the month at 94.0 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 funding resulted from a 2.3 percent increase in asset values partially offset by a 1.0 percent increase in liability values. The aggregate funded ratio is estimated to have increased by 6.2 and 11.3 percentage points year-to-date and over the trailing twelve months, respectively

"October's funded ratio increase nearly reversed all of September's decline, driven by the monthly increase in nearly all asset classes lead by US equities," stated Ned McGuire, Managing Director, Wilshire. "US equity values, as measured by the FT Wilshire 5000 IndexSM, posted their largest increase since November 2020 and the third largest gain since April 2020," 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
October 31, 2020	82.7%	-0.2%	-4.4%	-5.6%	-2.0%	-1.7%
November 30, 2020	85.1%	2.4%	-2.0%	-4.3%	6.3%	3.2%
December 31, 2020	87.8%	2.7%	0.7%	0.7%	-0.2%	-3.2%
January 31, 2021	88.9%	1.1%	1.1%	4.0%	-1.5%	-2.7%
February 28, 2021	91.2%	2.3%	3.4%	9.6%	-1.1%	-3.5%
March 31, 2021	93.5%	2.3%	5.7%	13.6%	-0.7%	-3.2%
April 30, 2021	94.1%	0.6%	6.3%	13.8%	2.4%	1.7%
May 31, 2021	94.5%	0.4%	6.7%	13.8%	0.6%	0.3%
June 30, 2021	93.5%	-1.0%	5.7%	12.3%	1.5%	2.7%
July 31, 2021	92.8%	-0.7%	5.0%	12.5%	1.1%	1.8%
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	94.0%	1.1%	6.2%	11.3%	2.3%	1.0%

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 2021 corporate funding study. The most current month-end liability growth is estimated using the Barclays Long Aa+ U.S. Corporate Index.

The assumed asset allocation is below:

Asset Class	Allocation	Benchmark
U.S. Equity	24%	Wilshire 5000 Total Market Index
Non-U.S. Equity	16%	MSCI AC World ex U.S. (\$)
Core Fixed Income	25%	Bloomberg Barclays U.S. Aggregate
Long Duration Fixed Income	34%	Bloomberg Barclays Long Govt/Credit
Real Estate	1%	Wilshire US Real Estate Securities Index

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