



NEPC PENSION MONITOR

JULY 2025

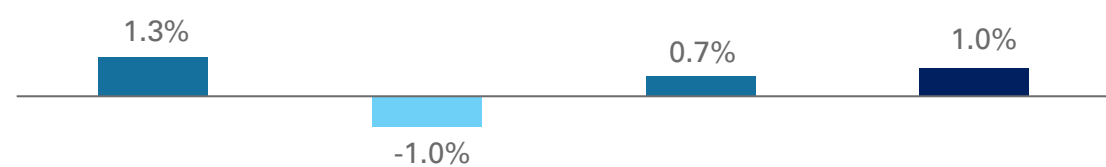
In July, defined benefit pension plan sponsors likely experienced an increase in funded status due to an uptick in Treasury rates. During this period, the Treasury yield curve rose across all tenors while credit spreads tightened. The 10-year yield increased to 4.37%, while the 30-year yield rose 11 basis points to 4.89%.

The increase in Treasury rates offset the contraction in credit spreads, resulting in higher pension discount rates and lower pension liabilities. The discount rates for NEPC's hypothetical pension plans rose about three basis points to 5.68% for the open total-return plan, while the discount rate for the frozen LDI-focused plan was four basis points higher at 5.48%. Both NEPC's hypothetical total-return pension plan and LDI-focused plan saw modest increases in funded status of 1% and 0.6%, respectively.

At NEPC, we anticipate continued market volatility and the potential for market disruption. Plan sponsors should remain diligent about monitoring sources of change in funded status versus expectations as equities and interest rates are likely to remain volatile. This includes closely monitoring interest rate hedge ratios and allocating across the yield curve as interest rates change.

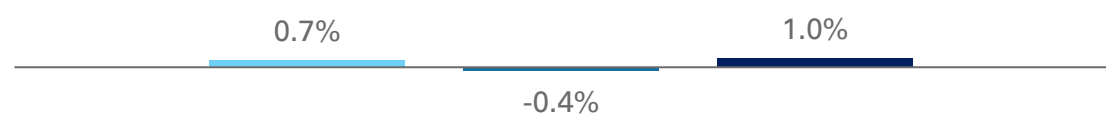
SAMPLE OPEN/TOTAL-RETURN PLAN

Funded Status Attribution



Δ Treasury Rates Δ Credit Spreads Δ Return Seeking Assets Net Change

↑ The funded status of the total-return plan increased due to the rise in Treasury rates, and return-seeking assets in July.



July 31, 2025
Assets Liabilities Net

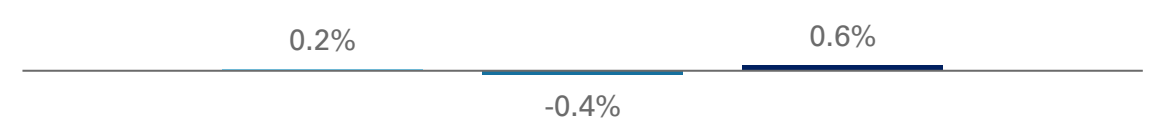
SAMPLE FROZEN/LDI-FOCUSED PLAN

Funded Status Attribution



Δ Treasury Rates Δ Credit Spreads Δ Return Seeking Assets Net Change

↑ The funded status of the LDI-focused plan increased due to the rise in Treasury rates, and return-seeking assets. The plan is 96% hedged as of July 31.



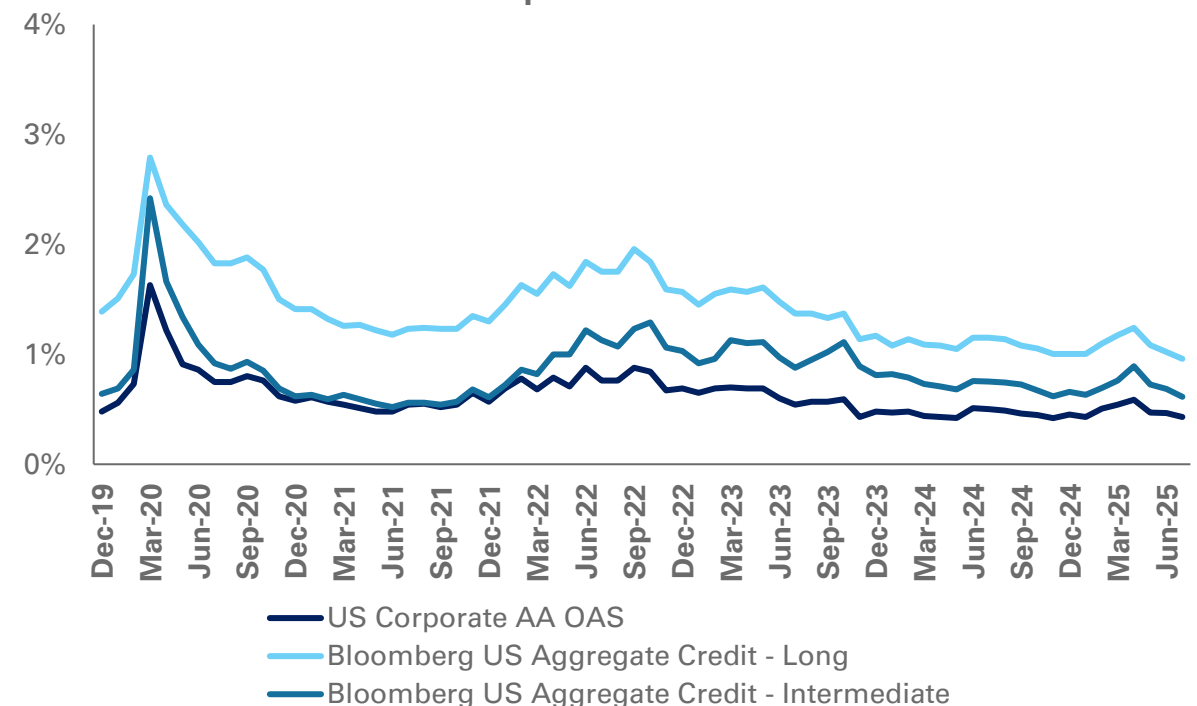
July 31, 2025
Assets Liabilities Net

RATE MOVEMENT

Curves



Credit Spread Movement



RETIREE BUYOUT INDEX

The Buyout Index for retirees is estimated to be approximately **106.9%** of PBO, as of July 31, 2025

RECENT INSIGHTS FROM NEPC

Making Market Volatility Work For Your Portfolio, the OCIO Way



NEPC PENSION MONITOR

JULY 2025

RECENT CORPORATE PENSION HEADLINES

Due to a provision in the Bipartisan Budget Act of 2015 (BBA 2015), the PBGC premium filing due date for plan years beginning in 2025 may be accelerated to September 15, 2025 instead of the usual due date of October 15, 2025. This one-time provision will impact the timing of when cash needs to be raised to fund the premium payment. The PBGC premium due date is expected to revert back to October 15 in 2026.

DISCLOSURES

Past performance is no guarantee of future results. All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.

Liability returns are based on the FTSE Above Median Pension Discount Curve. Liabilities for the two sample plans are based on model benefit payments of two unique, hypothetical plans. The total-return plan reflects an open plan with a 13.5-year duration, while the LDI-focused plan represents a frozen plan with a 9-year duration as of December 31, 2024. The benefit payments are not rolled forward each month to maintain a stable demographic profile. No future benefit accruals or benefit payments are assumed in order to isolate the performance of plan's liabilities due to changes in interest rates. The funded status of each hypothetical plan was reset to 80% funded (Total-Return) and 100% funded (LDI-focused) as of December 31, 2024.

The total-return plan assumes an allocation of 60% global equity, 40% core bonds. The LDI-focused plan assumes an asset allocation of 30% global equity and 70% US IG credit and Treasuries constructed to match the beginning of year 90% hedge ratio, with a greater emphasis on hedging liability duration. Monthly rebalancing is assumed. We do not assume any fees, expenses, benefit payments or contributions are made during the year in order to isolate the impact of market returns on the hypothetical allocations. Net numbers are the sum of the funded status attributions for the sample Total Return and LDI-focused plans. The Treasury par yield curve rates are derived from input market prices, which are indicative quotations obtained by the Federal Reserve Bank of New York. The FTSE Pension Liability Index is derived from Pension Discount Curve (PDC). Rate movement provided compares the FTSE Above Median AA and Treasury yield curves between the current and prior month-end.

Indices are intended to illustrate general market performance. Comparisons shown are for informational purposes only, do not represent specific investments and are not a portfolio allocation recommendation. It is not possible to invest directly in an index. Yield rate has been derived from market prices and does not represent the performance of any actual, current or past portfolio investments. NEPC's Retiree Buyout Index is estimated using midpoint annuity purchase rates published by Brentwood Advisors, discounted against the cash flows of a sample retiree population, and compared with the same discounted cashflows using the FTSE Above Median Pension Discount Curve. Actual annuity pricing may vary substantially based on multiple factors. Asset benchmarks used to measure asset returns are sourced from FactSet: MSCI ACWI Index, Barclays Aggregate Index, Barclays Intermediate Gov/Credit Index, Barclays Long Gov/Credit Index, Barclays Long Credit Index, Barclays Long Treasury Index, Barclays US Aggregate Intermediate Credit spread, Barclays US Aggregate Long Credit spread, and US Corporate AA Option-Adjusted Spread.

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