



NEPC PENSION MONITOR

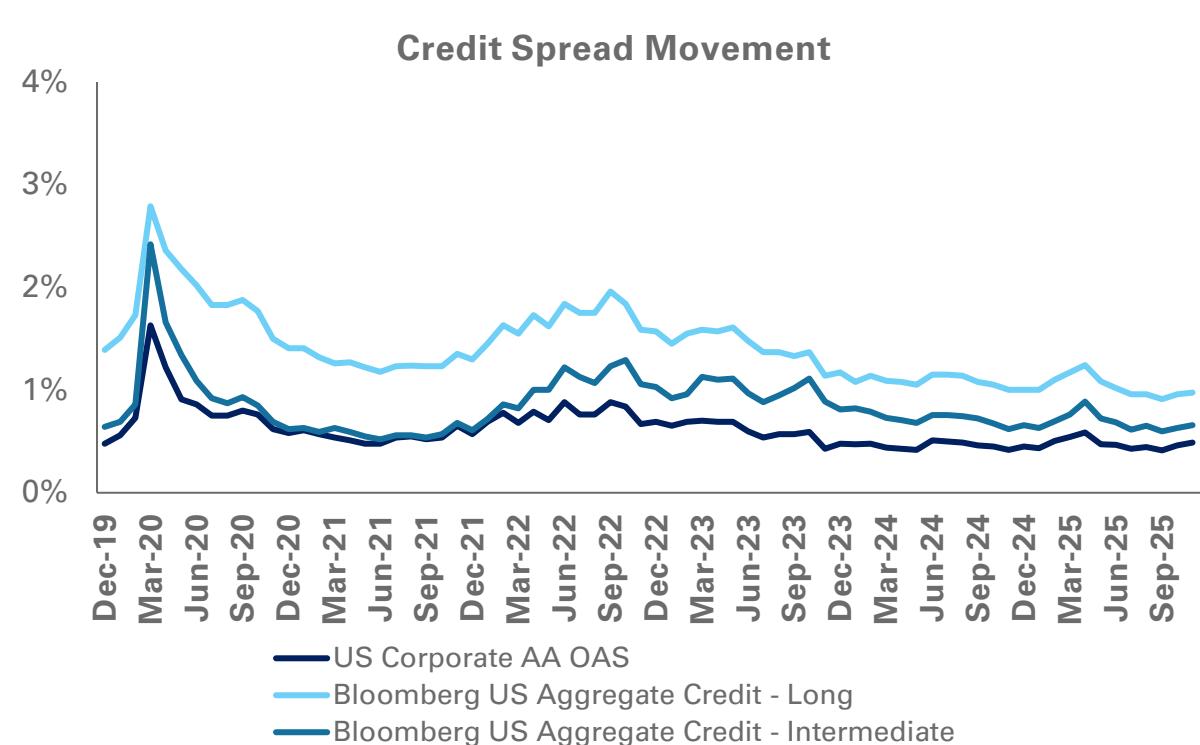
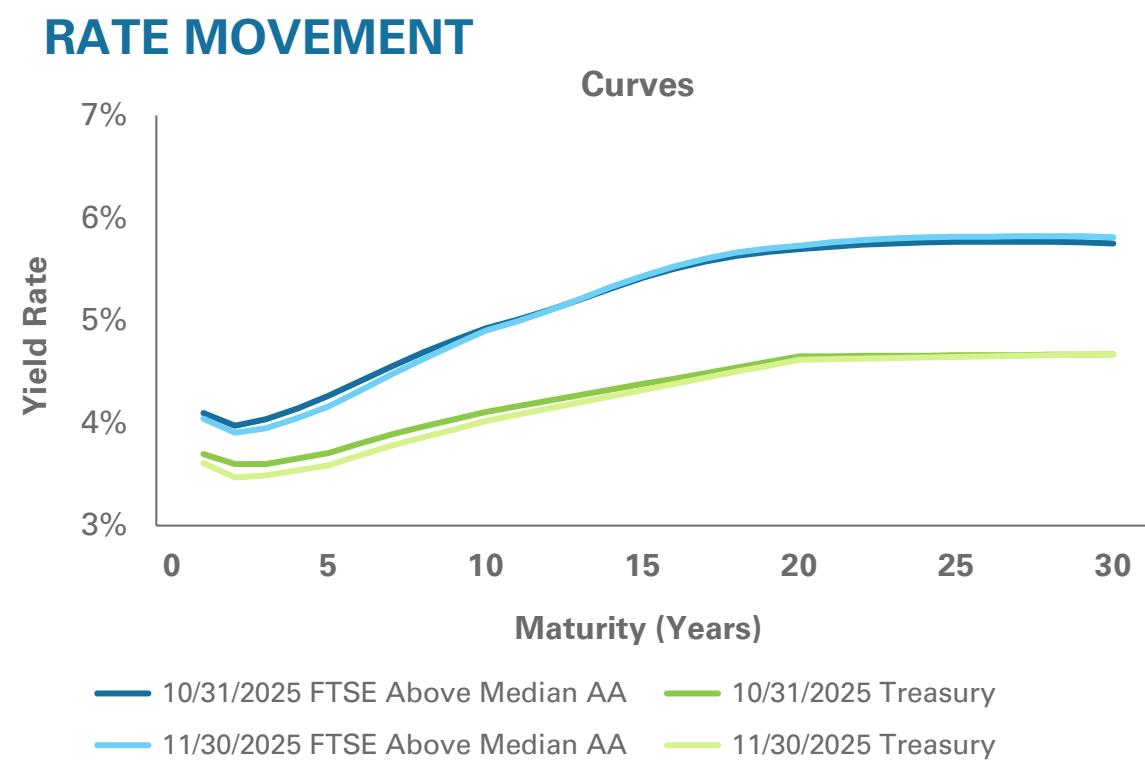
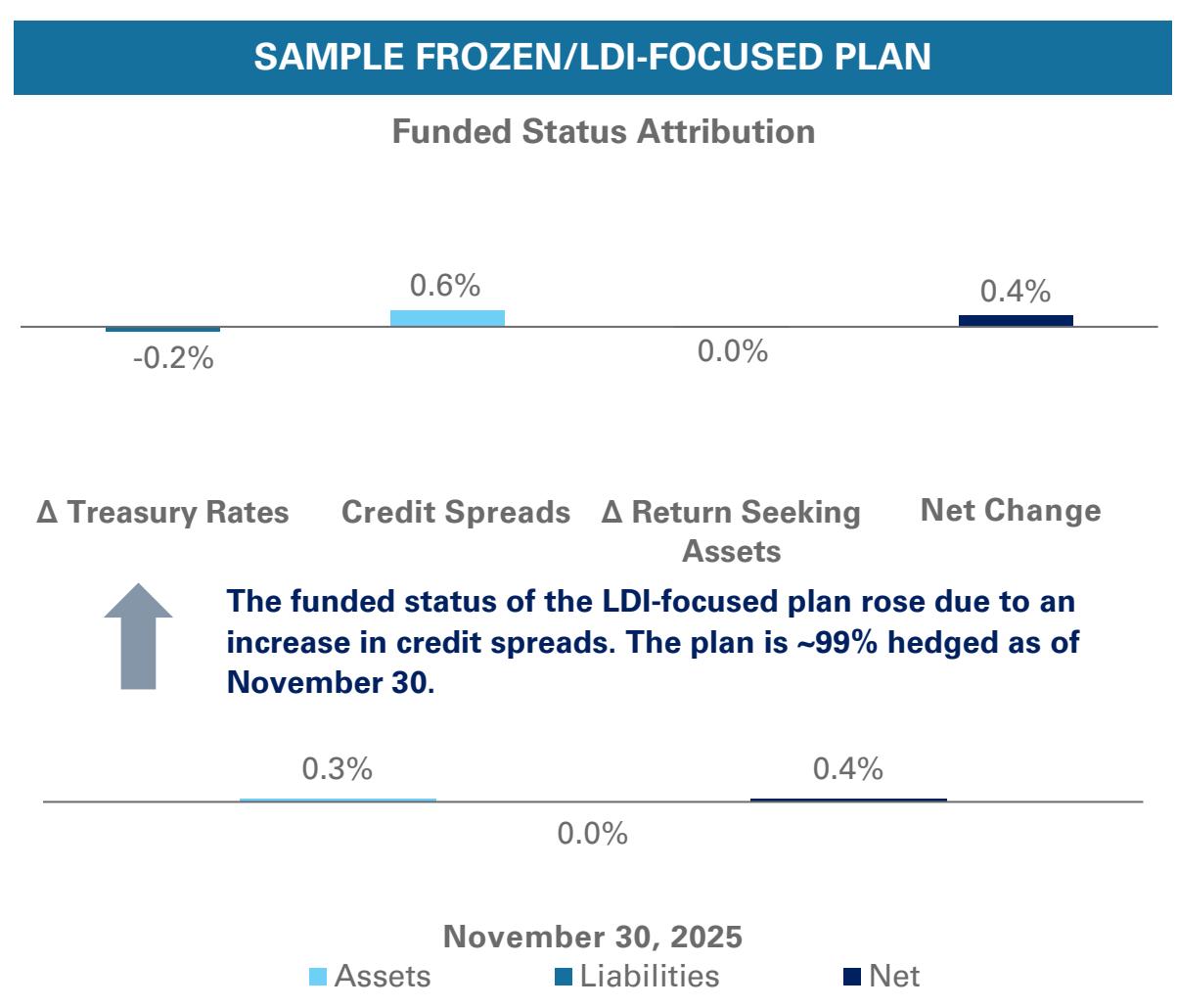
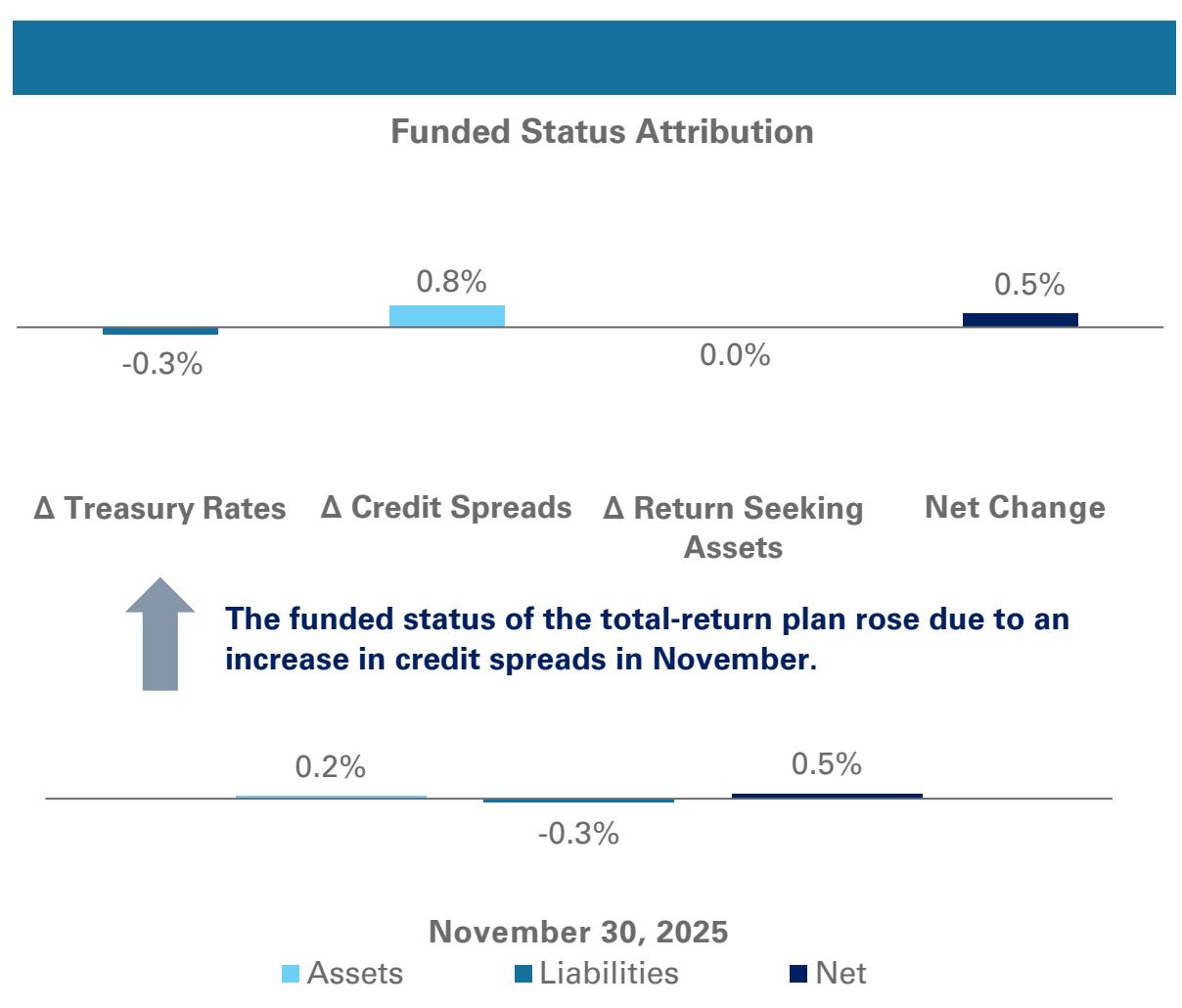
NOVEMBER 2025

In November, defined benefit pension plan sponsors likely experienced only modest changes in funded status due to limited movement in rates and credit spreads, and generally flat global equity markets. The Treasury yield curve decreased slightly at the long end; the 10- and 30-year yields dropped to 4.02% and 4.62%, respectively.

Changes in Treasury rates had a modest impact on funded status for the total-return and LDI-focused plans. The discount rates rose for NEPC's two hypothetical pension plans by two and one basis points, respectively, with the open total-return plan increasing to 5.48% and the frozen LDI-focused plan rising to 5.25%. NEPC's hypothetical total-return pension plan and LDI-focused plan saw increases in funded status of 0.5% and 0.4%, respectively.

We anticipate continued market volatility and the potential for market disruption. Plan sponsors should diligently monitor sources of change in funded status versus expectations, as equities and interest rates are likely to remain volatile. This includes closely observing interest-rate hedge ratios and allocating across the yield curve as interest rates change.

Source: Factset, FTSE and Brentwood LLC, as of November 30, 2025





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RECENT CORPORATE PENSION HEADLINES

PRT Litigation Update: NEPC continues to monitor the ongoing litigation and volume of pension risk transfers, providing quarterly updates to clients. In the third quarter, the tension between dismissals and denials persisted, with the cases against General Electric and AT&T dismissed, while the Bristol Meyers motion to dismiss was denied. Further, there was a new lawsuit filed against IBM and its independent fiduciary. The overhanging litigation appears to be a key concern, fueling the sharp drop off in PRT transactions through the most recently reported quarter ending June 30. PRT sales declined by about 45% in the second quarter from the first quarter, according to LIMRA data. NEPC will continue to monitor the situation and report to clients.

Sources: "Judge Dismisses AT&T PRT Case, Says Plaintiffs Have Standing." PLANSPONSOR, October 7, 2025. "U.S. pension risk transfers plummet in Q2 over litigation concerns, economic volatility." Pensions & Investments, as of September 22, 2025.

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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