



NEPC PENSION MONITOR

JULY 2026

In July, pension plan sponsors likely added to year-to-date improvements in funded status. Both the hypothetical total-return and LDI-focused plans experienced improvements despite muted global equity returns. Funded ratios for both plans increased, driven mostly by the rise in Treasury yields at the long end. The Treasury yield curve shifted upward across all tenors; 10- and 30-year yields rose to 4.75% and 5.27%, respectively.

The discount rate for NEPC's hypothetical total-return pension plan increased 43 basis points to 6.16%, while the frozen LDI-focused plan rose 40 basis points to 5.94%. The changes in Treasury rates attributed to a significant increase in funded status for the total-return plan and moderate increase for the LDI-focused plan. As a result, funded status improved 4.9% for the total-return plan and 1.4% for the LDI-focused plan.

Due to the higher discount rates and lower liabilities, some pension plans may have reached their next glide path trigger or achieved a sufficiently favorable funded position to consider de-risking. We suggest ongoing monitoring of funded status to determine whether glide path thresholds have been met, and to assess the timing and execution of any glide path implementation to help protect and preserve recent gains.

Source: FactSet, FTSE and Brentwood LLC, as of July 31, 2026

SAMPLE OPEN/TOTAL-RETURN PLAN

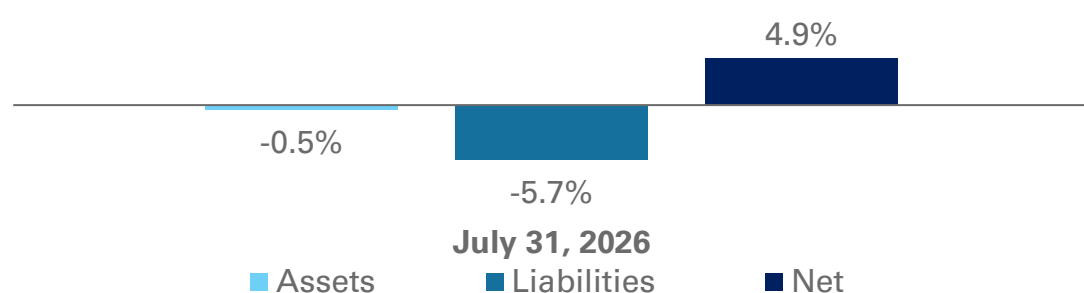
Funded Status Attribution



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



In July, the funded status of the total-return plan increased due to gains from higher Treasury rates.



July 31, 2026
Assets Liabilities Net

SAMPLE FROZEN/LDI-FOCUSED PLAN

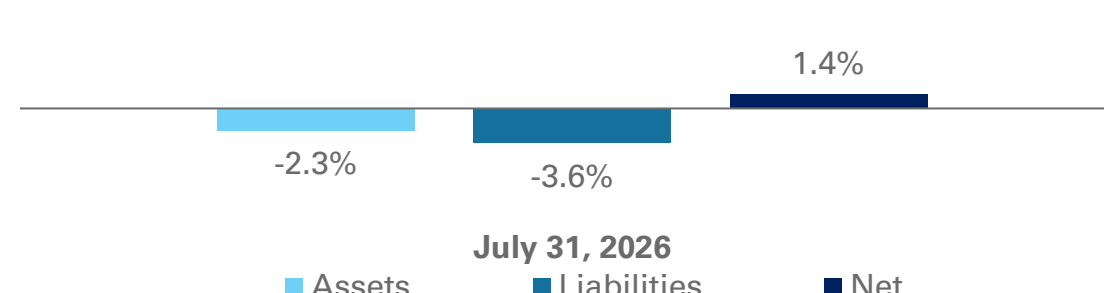
Funded Status Attribution



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



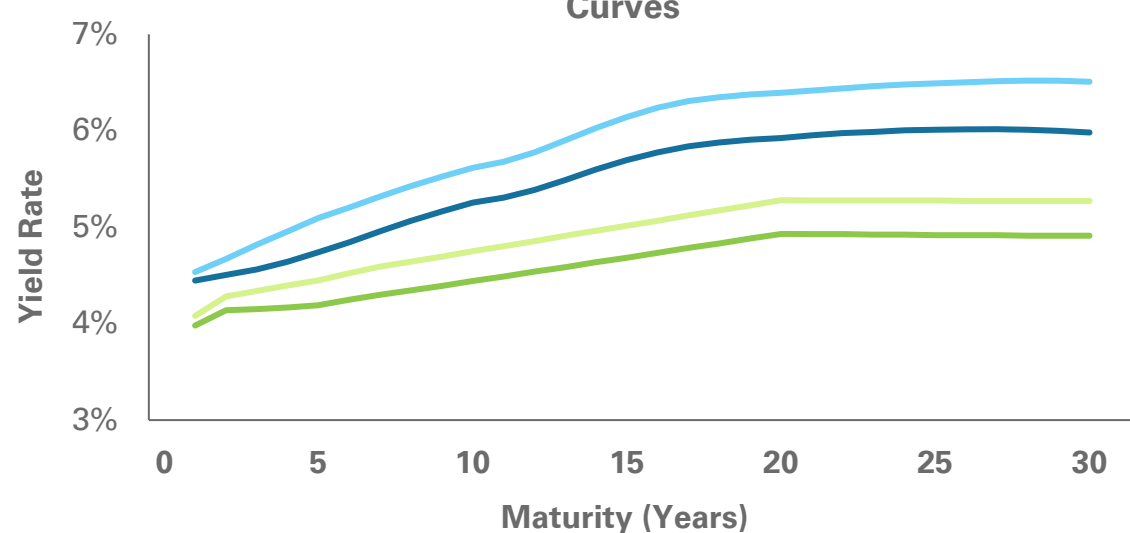
The funded status of the LDI-focused plan increased due to gains from higher Treasury rates. The plan is ~98% hedged as of July 31.



July 31, 2026
Assets Liabilities Net

RATE MOVEMENT

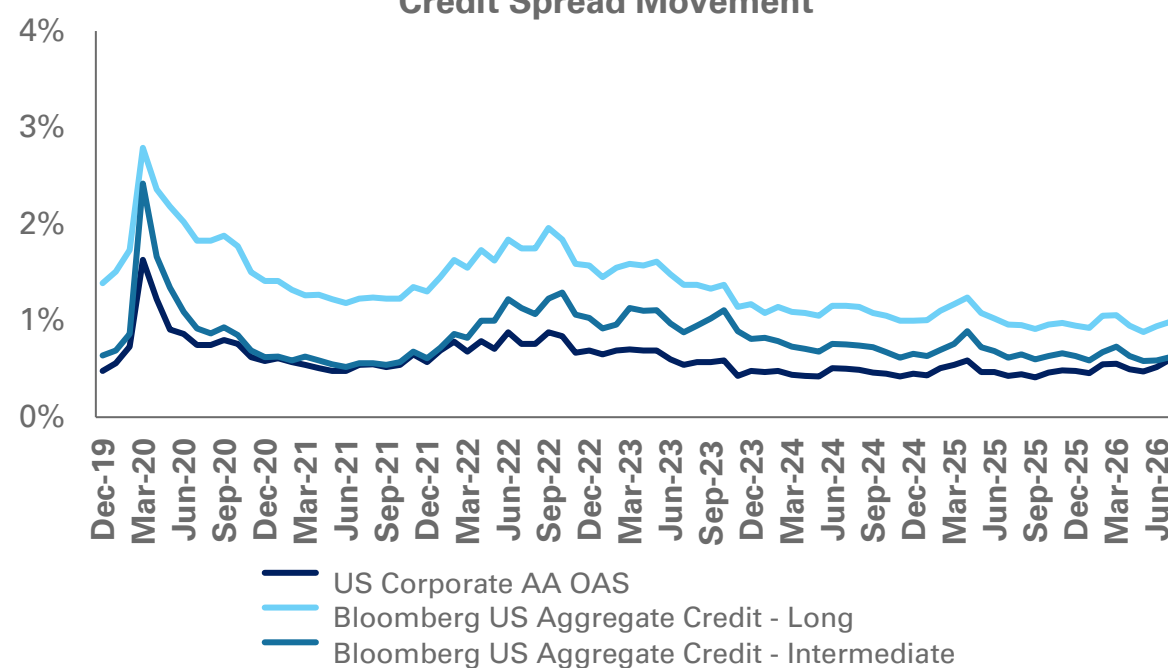
Curves



6/30/2026 FTSE Above Median AA 6/30/2026 Treasury
7/31/2026 FTSE Above Median AA 7/31/2026 Treasury

Source: FactSet, FTSE and Brentwood LLC, as of July 31, 2026

Credit Spread Movement



US Corporate AA OAS
Bloomberg US Aggregate Credit - Long
Bloomberg US Aggregate Credit - Intermediate

RETIREE BUYOUT INDEX

The Buyout Index for retirees is estimated to be approximately **106.3%** of PBO, as of July 31, 2026

RECENT INSIGHTS FROM NEPC

[Unlocking Value in Private Markets: 6 Insights from the NEPC Conference](#)
[NEPC's July 2026 Market Commentary](#)



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JULY 2026

RECENT CORPORATE PENSION HEADLINES

The Department of Labor (DOL) and ERISA Industry Committee (ERIC) filed amicus briefs on July 21 and 22, respectively, related to the pension risk transfer (PRT) litigation case against Bristol Myers Squibb. Both agencies urged the court to overturn a ruling that allowed the lawsuit to continue. They argue that the case lacks standing because all benefits have been delivered since the PRT as promised and there is no evidence those benefits are at risk. Further, the DOL argues that continued litigation could deter derisking activity and disrupt the balance between federal and state regulations as established by Congress. To the best of our knowledge, PRT litigation cases are still outstanding against four companies, including Bristol Myers Squibb. PRT activity declined significantly in the first quarter, according to data from LIMRA. Total PRT sales were \$3.8 billion, a 47% decline from a year ago; buyouts drove the decline, while there was continued strong growth in buy-in activity.

Sources:

U.S. Department of Labor. (2026, July 21). *US Department of Labor files amicus brief clarifying use of pension risk transfers to annuity providers* [News release]. <https://www.dol.gov/newsroom/releases/dol/dol20260721>

The ERISA Industry Committee. (2026, July 22). *ERIC files amicus brief urging Second Circuit to reject meritless attack on pension risk transfers* [Press release]. https://www.eric.org/press_release/eric-files-amicus-brief-urging-second-circuit-to-reject-meritless-attack-on-pension-risk-transfers/

LIMRA (2026, July 1) *US Pension Risk Transfer Sales Total Nearly \$4 Billion in First Quarter 2026* (News Release) [https://www.limra.com/en/newsroom/news-releases/2026/limra-u.s.-pension-risk-transfer-sales-total-nearly-\\$4-billion-in-first-quarter-2026/](https://www.limra.com/en/newsroom/news-releases/2026/limra-u.s.-pension-risk-transfer-sales-total-nearly-$4-billion-in-first-quarter-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, 2025. 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, 2025.

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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