NEPC PENSION MONITOR

AUGUST 2026

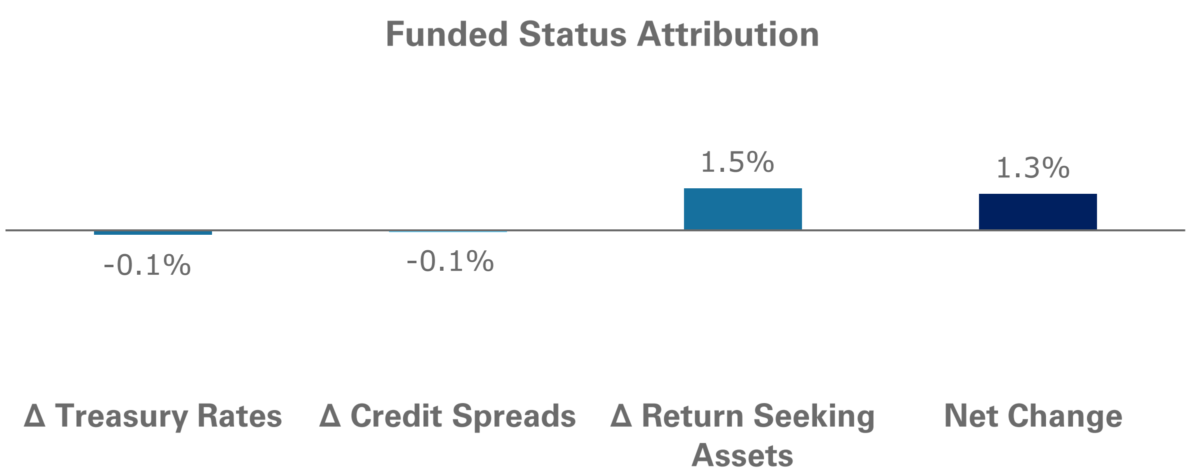
Corporate pension plans generally experienced modest gains in funded status in August. Equities were in the black during the month, supporting asset growth, while liability values remained relatively stable amid limited movement in interest rates and credit spreads.

The discount rate for NEPC's hypothetical total-return pension plan decreased three basis points to 6.13%, while the frozen LDI-focused plan's discount rate fell two basis points to 5.92%. The funded status improved 1.3% for the total-return plan and 1.2% for the LDI-focused plan.

As a result of the gains from return seeking assets, many plans likely ended August with funded ratios modestly higher than at the beginning of the month, continuing the favorable funding trend observed throughout most of 2026.

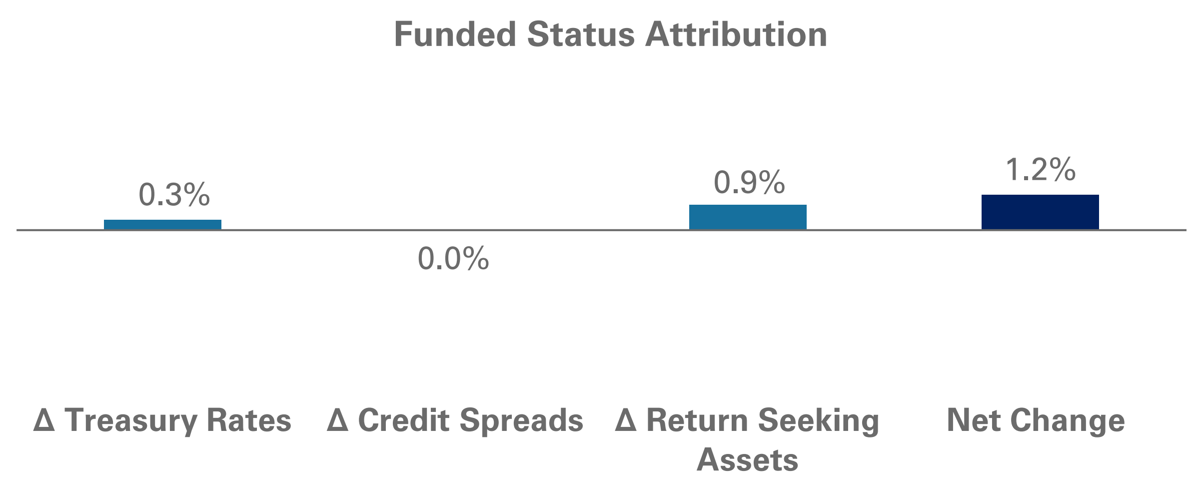
Source: FactSet, FTSE and Brentwood LLC, as of August 31, 2026

SAMPLE OPEN/TOTAL-RETURN PLAN



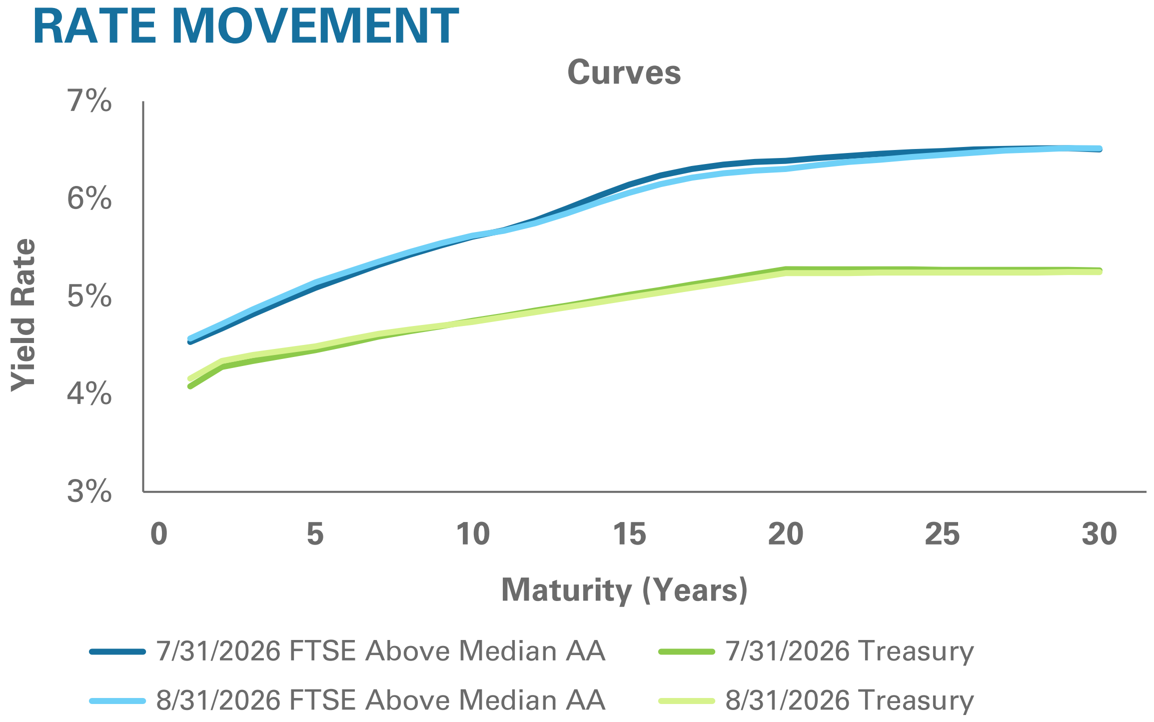
In August, the funded status of the total-return plan increased due to gains from returning seeking assets.

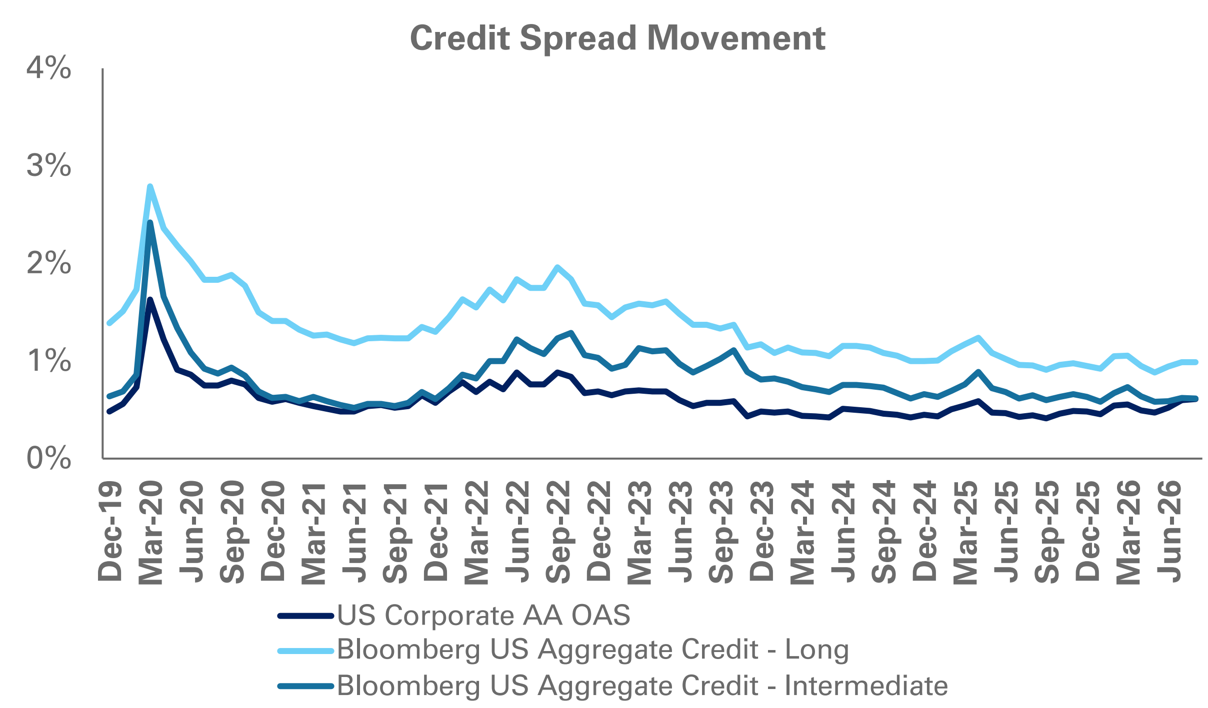
SAMPLE FROZEN/LDI-FOCUSED PLAN



The funded status of the LDI-focused plan increased due to gains from return seeking assets. The plan is ~98% hedged as of August 31.

RATE MOVEMENT





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

RETIREE BUYOUT INDEX

The Buyout Index for retirees is estimated to be approximately **106.1%** of PBO, as of August 31, 2026

RECENT INSIGHTS FROM NEPC

The Art of Terminating a Corporate Pension Plan, Part 3

NEPC PENSION MONITOR

AUGUST 2026

RECENT CORPORATE PENSION HEADLINES

News on pension risk transfer (PRT) litigation continues to be favorable for plan sponsors. The ATI pension risk transfer (PRT) litigation was officially dismissed in late July. The case was initially recommended for dismissal in October 2025. Consistent with prior dismissals, plaintiffs could not prove actual harm. The judge noted that they only alleged that their benefits were at higher risk due to the selection of Athene but could not demonstrate a high likelihood that Athene would default on its obligations. In other PRT litigation updates, there was another push made for dismissal of the AT&T case, as recommended by a federal magistrate in Massachusetts. In this case, the magistrate highlighted AT&T's use of an independent fiduciary as a key determinant of its selection of Athene rather than a direct brokering by AT&T.

Sources:
ATI dismissal: https://www.asppa-net.org/news/2026/8/judge-dismisses-pension-risk-transfer-suit/

AT&T push for dismissal: https://www.plansponsor.com/att-pension-risk-transfer-suit-is-pushed-for-dismissal-for-a-second-time/?utm_source=newsletter&utm_medium=email&utm_campaign=Newsdash&oly_enc_id=5356I9945023C1Z

DISCLOSURES

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.