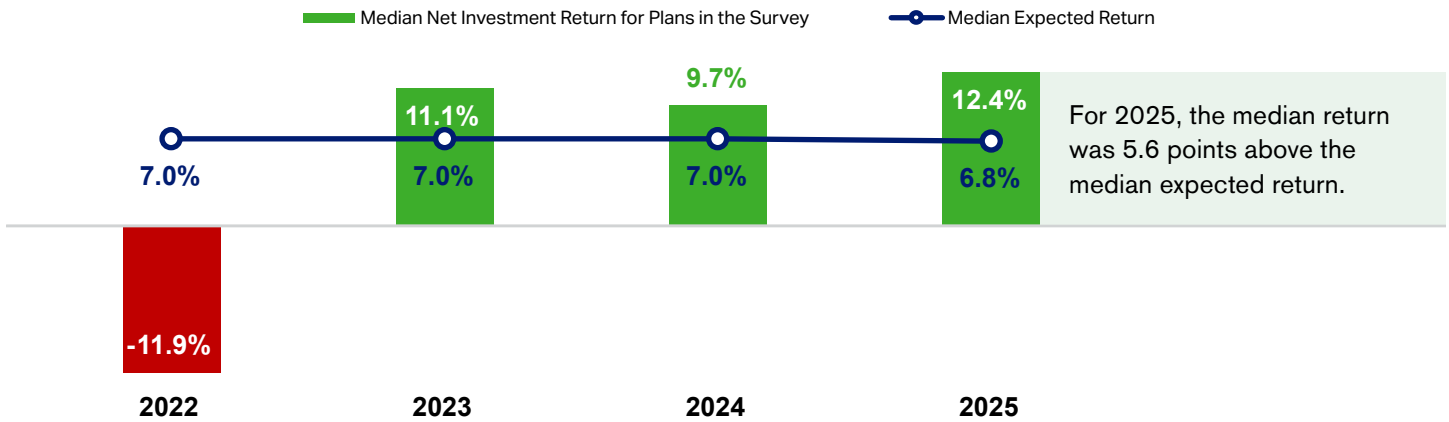


Most Plans Remain “Green”; Fewer Plans in C&D Status



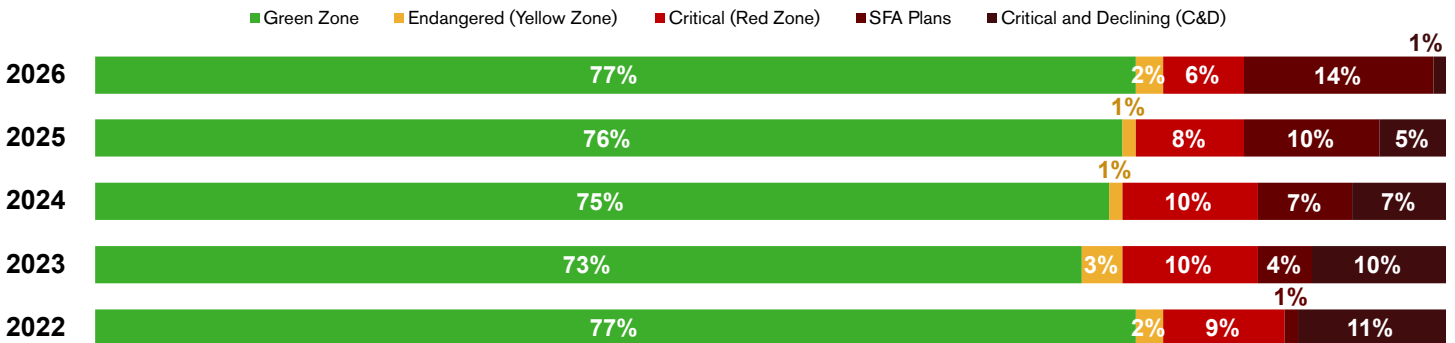
For 2026, more than three-quarters of multiemployer pension plans in Segal’s latest survey are in the green zone, and fewer are in critical and declining (C&D) status. Double-digit 2025 investment performance and receipt of Special Financial Assistance (SFA) from the Pension Benefit Guaranty Corporation are contributing factors to these results. After receiving SFA, more plans shifted from C&D status to “deemed critical” status (the red zone).

In 2025, market rates of return were higher than expected for the third consecutive year



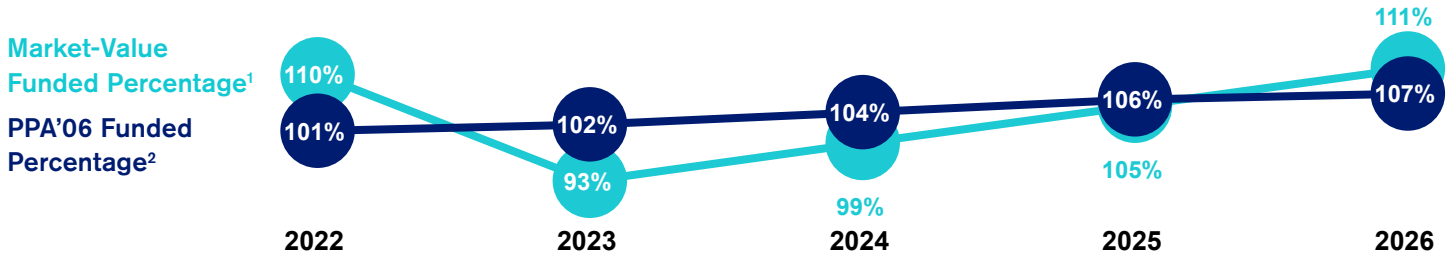
Three years of returns above-the-median expected return have helped stabilize plan funding. However, plans are recovering from the impact of the double-digit loss in 2022. The four-year average return is closer to 4.5 percent.

After receiving SFA, more plans shifted from C&D status to “deemed critical” status (the red zone)



The percentage of green-zone plans has returned to the same level as 2022, before the 2022 investment losses.

Asset smoothing method has resulted in a gradual increase in the average PPA funded percentage from 2022 to 2026



Note: SFA plans (those that have received SFA as of January 1, 2026 or are expected to receive SFA) have been excluded to avoid distorting the results.

¹ This funded percentage fluctuates annually based on investment performance.

² The funded percentage used to determine zone status under the Pension Protection Act of 2006 (PPA) is based on the actuarial value of assets, which typically smooths investment gains and losses over five years.

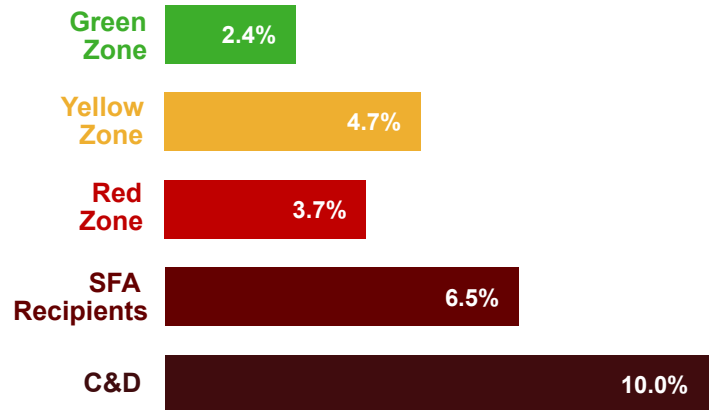
Investment gains in 2023 through 2025 have offset the recognition of 2022 investment losses.

The importance of “burn rate” during market volatility

Mature plans often have negative cash flow, meaning benefit payments exceed contributions. Plans with higher negative cash flows are more vulnerable to investment volatility. In a market downturn, they may be forced to sell assets at reduced values to pay benefits — limiting recovery unless supported by a benefits-driven investment strategy.

A plan’s “burn rate” is its net negative cash flow expressed as a percentage of plan assets, excluding investment income. Plans with lower burn rates are generally better positioned to weather downturns. To grow assets, annual investment returns must exceed the burn rate.

In the 2026 survey, the median burn rate for C&D plans (1 percent of plans in the survey) is more than twice that of red-zone plans, underscoring their greater exposure to market volatility. While SFA recipient plans show improved burn rates due to higher asset levels, these plans remain mature and continue to experience elevated cash-flow demands. Green-zone plans have a much lower burn rate of 2.4 percent.



About the survey

The **179 plans** included in this survey are those with plan years beginning January 1, 2026.

As a group, these plans:



have over **\$202 billion** in assets



provide benefits to just over **2.7 million participants**

We can help you manage your plan’s zone status and monitor investment risk.

[Ask us](#) to run projections that can help you plan for the future with confidence.

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