

# Currents

Quarterly Recap for Multiemployer Retirement Plan Sponsors

Third Quarter 2025

## Key statistics

### A focus on plans' burn rates

A plan's burn rate is a metric used to quantify the relationship between benefits and expenses paid compared to contributions and overall assets.

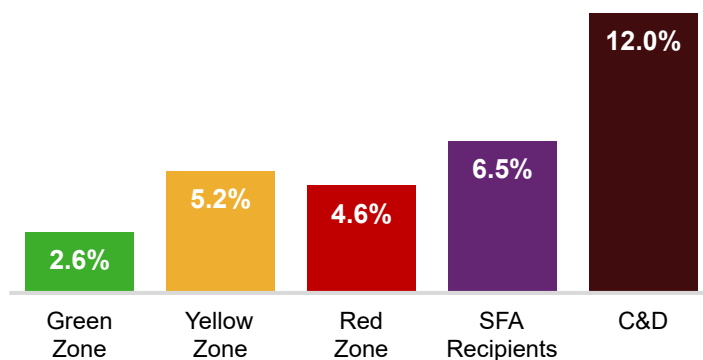
**Burn Rate =**

$(\text{Benefits} + \text{Expenses} - \text{Contributions}) \div \text{Assets}$

A plan's burn rate is an important measure of its maturity. More mature plans with higher burn rates are more vulnerable to market downturns and should be monitored.

As illustrated and expected, plans in critical & declining (C&D) status have the highest median burn rate: 12 percent of their assets.

### The Median Burn Rate Is Much Higher for C&D Plans



Source: Segal's [2025 Survey of Plans' Zone Status](#)

It's important for trustees to monitor their plan's burn rate because for a plan's assets to grow, the annual investment return must exceed the burn rate. Plans with lower burn rates are usually better equipped to weather market downturns.

Trustees of plans with higher burn rates may consider de-risking strategies to mitigate the impact of volatile investment returns.

## Investment trends

### 2025 financial markets mid-year update

The U.S. tariff backdrop has been an underlying driver of much of the uncertainty in global economic results during the first six months of 2025. Despite the uncertainty, the U.S. economy grew 3 percent in the second quarter.

On a return perspective, even after a 20 percent decline in early April, the markets closed the first half of the year on a positive note. Non-U.S. equity performed better than U.S. equity. Value stocks initially outperformed growth stocks but the trend reversed by the end of June. Large-cap stocks continued to dominate over mid- and small-cap stocks. Finally, fixed income performed relatively well in the first half of the year. For a more detailed discussion, see Segal Marco Advisors' [August 11 article](#).

### Tariffs and inflation

The first half of the year has seen some increase in inflation rates across the globe, although the increases in the U.S. Consumer Price Index (CPI) have been driven largely by shelter costs (rent and home prices). Increased energy prices have also played a role due to the uncertainty created by the conflicts in the Middle East.

The CPI for June showed a rise in prices on imported goods. These increases included furniture, appliances, coffee and apparel. In addition, June's metrics showed slower job growth, reductions in business investment and lower consumer confidence. These metrics are at least partly due to higher tariffs. For more second quarter 2025 market commentary see the Segal Marco Advisors' [August 11 article](#) on Second Quarter Performance.

# Selected strategies for managing multiemployer retirement plans

## Received SFA? Now what?

As of September 5, 2025, a total of 137 plans covering 1.6 million participants and beneficiaries have received over \$73 billion in Special Financial Assistance (SFA) under the American Rescue Plan Act. The infusion of SFA capital creates immediate short-term breathing room for trustees of SFA plans. Trustees of SFA-recipient plans need to consider changes in how they operate with the goal of strategically using the SFA funds to extend the life of the plans. Examples are plan mergers, small pension cash-outs, rehabilitation plan updates, investment strategies, potential benefit changes and attracting new contributing employers. For details, see our [August 27 article](#) on trustee considerations after their plan receives SFA. Contact your Segal consultant to discuss any of these issues.

## Compliance reminders

### Top 10 compliance checks to simplify annuity fund oversight

Segal is committed to supporting trustees in meeting their fiduciary obligations while improving participant benefit security. With recent litigation highlighting the risks and costs associated with inadequate oversight on defined contribution plans, Segal has created a checklist to help trustees identify potential gaps and take proactive steps to strengthen and modernize their plans. [Download the list of top 10 compliance checks.](#)

## IRS clarifies withholding rules for uncashed pension checks

The IRS has issued guidance addressing the withholding rules that apply to a replacement pension check. The guidance clarifies that no income tax withholding is required if the amount of the second check is no greater than the amount of the uncashed check. It is expected that the Departments of the Treasury and Labor will clarify this guidance. Learn more about this guidance in our [July 22 compliance insight](#).



### Reminder About Segal's 19<sup>th</sup> Annual IT Summit

Segal's 19<sup>th</sup> Annual IT Summit will be held on October 21–22, 2025 in Nashville, TN. Attendance at this event is not limited to just technology staff as many fund administrators and other fund staff attend. This is your chance to come together with Segal experts and your peers so you can share ideas and get inspired by innovation, as well as bolster and build your professional relationships. [Visit our website](#) to learn more about and register for the summit. Registration will be open until September 30.

To discuss the implications for your plan of anything covered here, contact your Segal consultant or [get in touch via our website, segalco.com](#).

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