

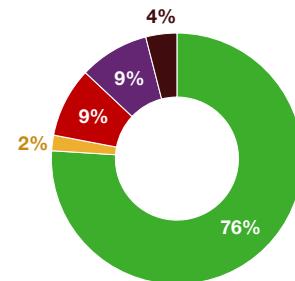
# Latest on Zone Status: Most Multiemployer Plans Are Green

More than three-quarters of multiemployer pension plans are in the green zone, according to Segal's latest survey of zone status.

The survey covers the actual results of plans that have completed zone certifications over the past 12 months. These plans are nearly one-quarter of all multiemployer plans and exclude terminated plans. We believe they are representative of the multiemployer universe.

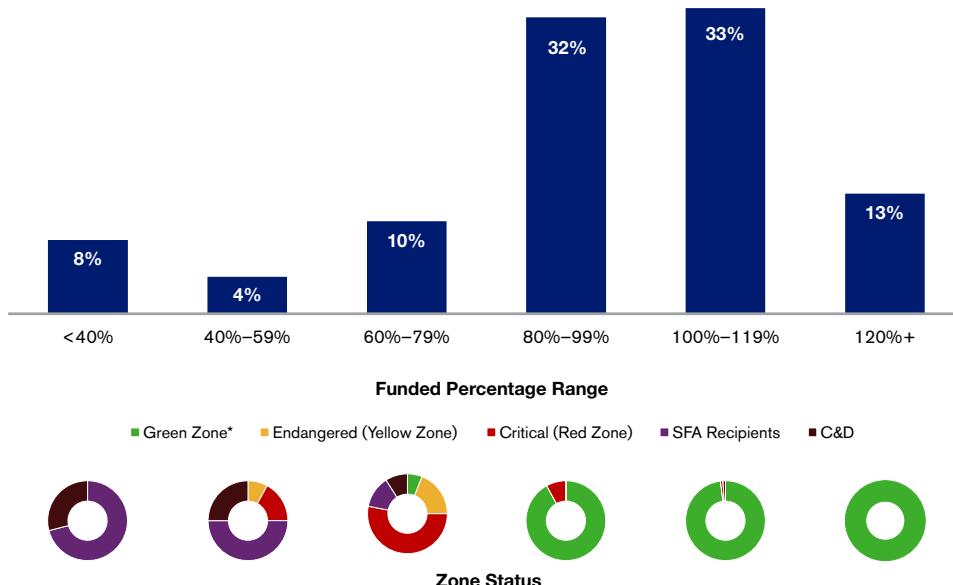
The survey includes over 100 plans with non-calendar plan years, as well as the calendar-year plans featured in our [spring 2025 survey](#).

■ Green Zone ■ Endangered (Yellow Zone) ■ Critical (Red Zone) ■ SFA Recipients\* (Deemed Critical Until 2051) ■ Critical and Declining (C&D)



\*SFA recipients are those that have received Special Financial Assistance (SFA) under the American Rescue Plan Act as of their most recently completed zone certification.

## Plans with higher PPA funded percentages tend to be in the green zone



However, it isn't always the case that plans with higher PPA funded percentages tend to be in the green zone. In fact, about 5 percent of plans that are at least 80 percent funded are **not** in the green zone.

## The importance of a plan's median "burn rate"

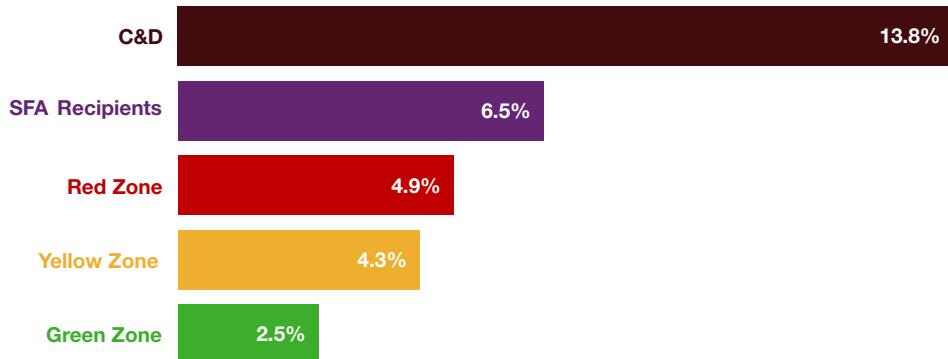
To achieve asset growth, a plan's annual investment return must exceed its net negative cash flow or burn rate.

$$\text{Burn Rate} = \frac{\text{Benefits} + \text{Expenses} - \text{Contributions} + \text{Assets}}{\text{Assets}}$$

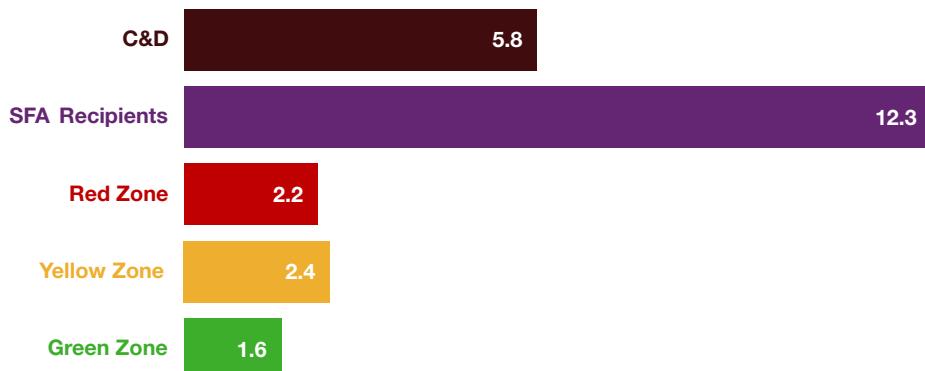
Mature plans usually have higher burn rates because they are paying out more in benefits than they are receiving in contributions. Plans with higher burn rates are more susceptible to investment volatility, and plans with lower burn rates are usually better positioned to withstand market downturns.

In addition, while plans that have received SFA see improvements in their burn rates (i.e., lower rates) due to the inclusion of SFA in total assets, they remain mature and continue to have high burn rates.

## The median burn rate for C&D plans is more than twice that of red-zone plans



For SFA recipient plans, the median inactive-to-active ratio (another measure of a plan's maturity) is much higher than for other plans, including C&D plans



Mature plans are less able to improve their funding levels with corrective measures, such as contribution rate increases or future accrual rate reductions.



## Looking ahead

Over the next few years:

- For plans that receive SFA, we expect that the PPA funded percentage (which excludes SFA assets) will improve, because legacy assets will be able to increase while SFA assets are paying benefits and expenses.
- Plans should monitor their current and projected burn rate and consider investment strategies that may mitigate market downturns.

## About the survey

The **314 plans** included in this survey are those with plan years beginning from August 1, 2024 through July 1, 2025, that have all filed their zone certifications by September 28, 2025.

As a group, these plans:



Have **\$310 billion in assets**



Provide benefits to just over **4.1 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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