Survey Results as the Pension Protection Act Turns 20

A Retrospective on Zone Status and Green-Zone Resurgence

Segal

Contents

Key Findings

Since the Pension Protection Act of 2006 (PPA) became law 20 years ago, multiemployer pension plans have moved through a full cycle of strength, stress and recovery. In addition to presenting the results of our 2026 *Survey of Plans' Zone Status*, this report includes data from 19 years of zone-status certifications to provide perspective on changes over the long term.

The 2026 results reflect more than recent experience. They show the combined effects of market performance, policy changes and actions taken since the height of the global financial crisis in 2008. As of January 1, 2026:

- The percentage of plans in the green zone is 77 percent, matching the highest levels observed since 2008.
- Fourteen percent of plans surveyed had received Special Financial Assistance (SFA) under the American Rescue Plan Act (ARPA).
- The average PPA funded percentage for determining zone status, which is based on the actuarial value of assets and typically smooths investment gains and losses over five years, is 96 percent, just below the average in 2008 of 97 percent.
- Forty-six percent of plans have a PPA funded percentage over 100 percent, compared to 37 percent in 2008.

These results highlight the cumulative effects of recovery following the global financial crisis, sustained corrective actions and, more recently, the receipt of SFA.

About the Survey

Segal has conducted a survey of the zone status of our multiemployer pension plans every year since 2008. The 2026 *Survey of Plans' Zone Status* includes 179 calendar-year multiemployer pension plans that filed zone-status certifications with the Internal Revenue Service by March 31, 2026. This sample represents approximately half of all multiemployer plans for which Segal is the actuary and about one-third of multiemployer plans.

As a group, the calendar-year plans in the 2026 survey had over $202 billion in assets and provided benefits to just over 2.7 million participants and beneficiaries as of December 31, 2025. For comparison, as of December 31, 2007, assets of Segal's calendar-year plans totaled close to $100 billion.

Changes in Zone Status Over Time

The zone-status framework introduced by PPA remains a defining feature of the multiemployer pension system. The 20th anniversary of PPA is an opportunity to reflect on what nearly two decades of zone-status certifications reveal about how plans respond to stress, policy changes and long-term demographic pressures.

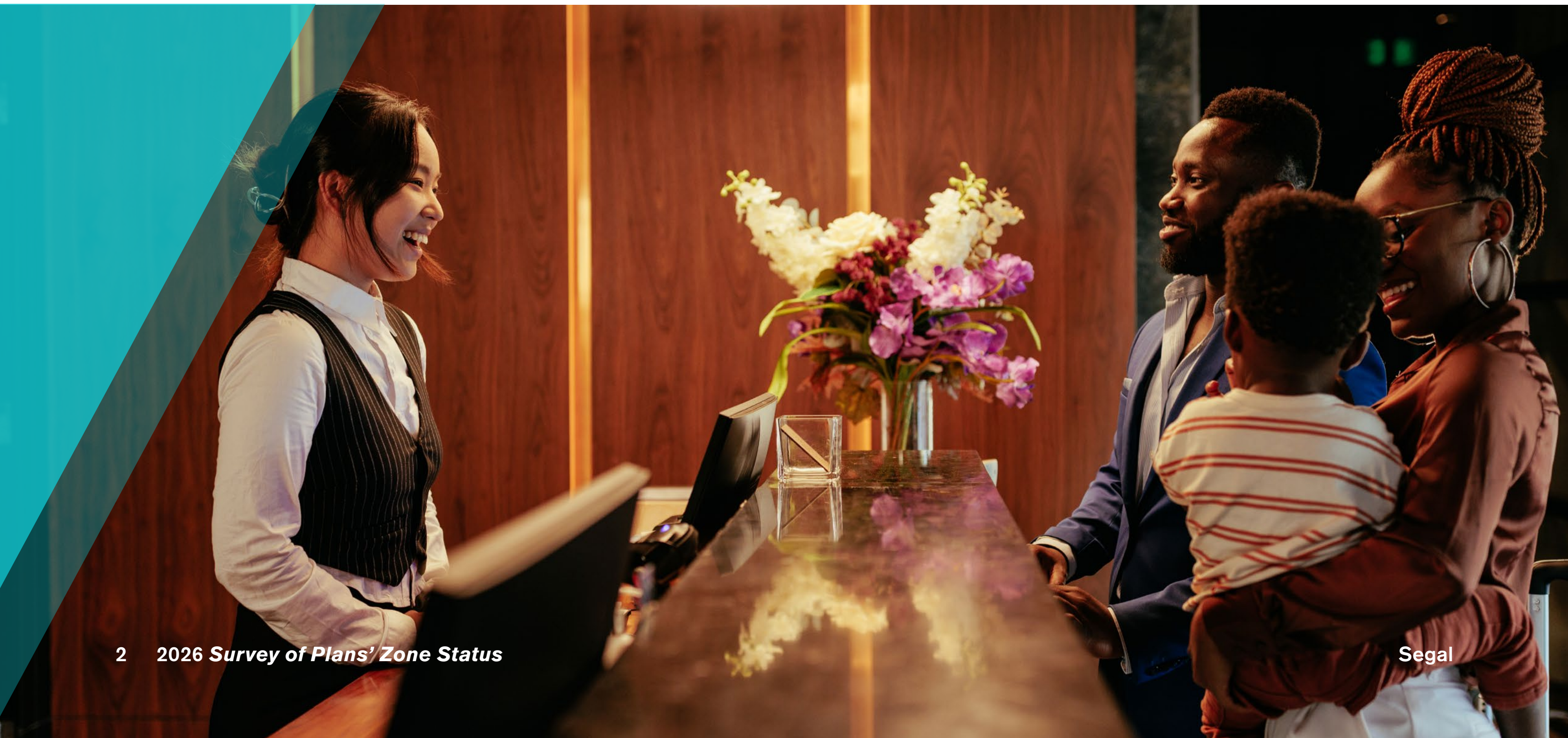
Zone-status certifications were first required for plan years beginning in 2008. Our first survey results captured what, at the time, appeared to be a relatively strong funding environment. An overwhelming majority of calendar-year plans were certified in the green zone, and average funded levels were near 100 percent. As the new framework was taking hold, the global financial crisis placed unprecedented strain on plan assets and employer contributions, pushing many plans into endangered or critical status.

The years that followed tested both the design of PPA and the resilience of the multiemployer system. The sharp deterioration of zone status in 2009 prompted temporary legislative relief and difficult decisions by trustees and bargaining parties. Recovery was gradual, shaped by asset smoothing, contribution patterns and plan maturity. For many plans, returning to the green zone took years, not months.

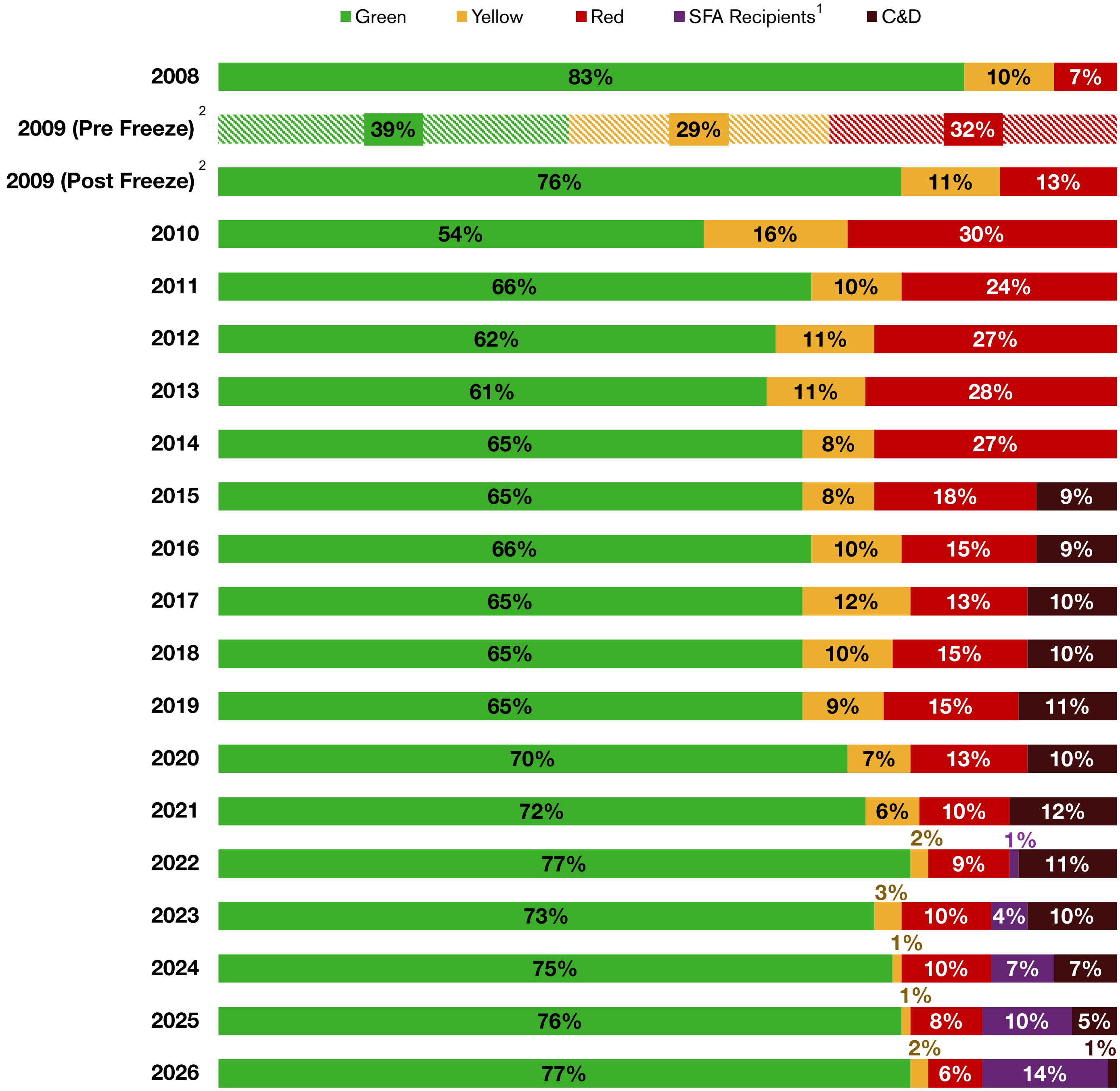
Against that backdrop, the most recent survey results are noteworthy. The share of plans in the green zone in 2026 matches the 2022 level, the highest since 2008, the first year of required zone-status certifications. This milestone does not suggest that underlying risks have disappeared. Rather, it reflects the combined effects of sustained corrective actions, favorable investment experience, policy interventions and, in more recent years, SFA for the most deeply distressed plans.

Equally noteworthy is the fluctuation in the percentage of red-zone plans over time. The share of plans in the red zone reached a high of 30 percent in 2010, before falling to 22 percent in 2021, just before SFA. In 2026, 7 percent of plans are in both the red zone and critical and declining (C&D) status — the same as in 2008 — with an additional 14 percent of plans having received SFA.

The evolution of zone status over the past 19 years shows both how quickly funding conditions can deteriorate and how long recovery can take.



Survey Data Over Time Shows Resurgence of Green-Zone Plans and the Percentage of Red-Zone Plans Reverting to the 2008 Level After Many Years of Double Digits



[1] SFA recipient plans are deemed to be in critical status through 2051.

[2] The 2009 data is split before and after any election to freeze zone status for 2009, as allowed by the Worker, Retiree, and Employer Recovery Act of 2008.

Source: Segal, 2008–2026

About Zone Status

A series of measurements determines a plan's zone status under PPA as amended by the Multiemployer Pension Reform Act of 2014 (MPRA). The three primary factors are:

- **Funded percentage**, which is a point-in-time measurement that for zone certification purposes is based on the actuarial (smoothed) value of assets compared to the plan's present value of accrued benefits
- **Projection of the funding standard account credit balance**, which is the accumulation, with interest, of a plan's contributions over the ERISA minimum required contribution
- **Projection of plan solvency**, which determines whether a plan is in C&D status

Since the funded percentage uses the actuarial value of assets, it reflects only a portion of the market-value investment experience. However, projecting the funding standard account credit balance further reflects the impact of market-value returns.

To be in the green zone, a plan generally must have a funded percentage of at least 80 percent and a projected credit balance, rather than a projected funding deficiency, for at least seven years. A funding deficiency occurs when contributions cumulatively are unable to satisfy the required minimum, resulting in a negative credit balance.

Under ARPA, in general, plans that meet the following criteria are eligible for SFA:

- Plans certified to be in C&D status for a plan year beginning in 2020, 2021 or 2022
- Plans in the red zone in 2020, 2021 or 2022 with "current liability" funded percentage of less than 40 percent and active-to-inactive participant ratio less than 2:3 (ratio of non-active to active of 1.5)

SFA assets are excluded in determining the PPA funded percentage. A plan that has received SFA will be deemed to be in the red zone through 2051, regardless of how well funded it is.

Legislative changes over 20 years

The PPA framework has evolved alongside the challenges facing the multiemployer system. Legislative changes have provided both short-term flexibility and longer-term solutions in response to changing conditions.

The first test came immediately during the global financial crisis. The Worker, Retiree and Employer Recovery Act of 2008 allowed plans to temporarily freeze their zone status for 2009, avoiding abrupt changes driven by short-term market losses, and allowing trustees time to evaluate possible actions. The Pension Relief Act of 2010 gave plans additional flexibility to help absorb the investment losses from 2008 and 2009.

As longer-term risks became clearer, policy shifted. In 2014, MPRA introduced the “critical and declining” designation for plans projected to become insolvent and allowed benefit suspensions to support their recovery. Because relatively few plans ultimately implemented these benefit suspensions, reflecting both practical challenges and regulatory hurdles, further legislative action was needed. Most recently, ARPA has provided SFA to the most distressed plans, targeting solvency through 2051.

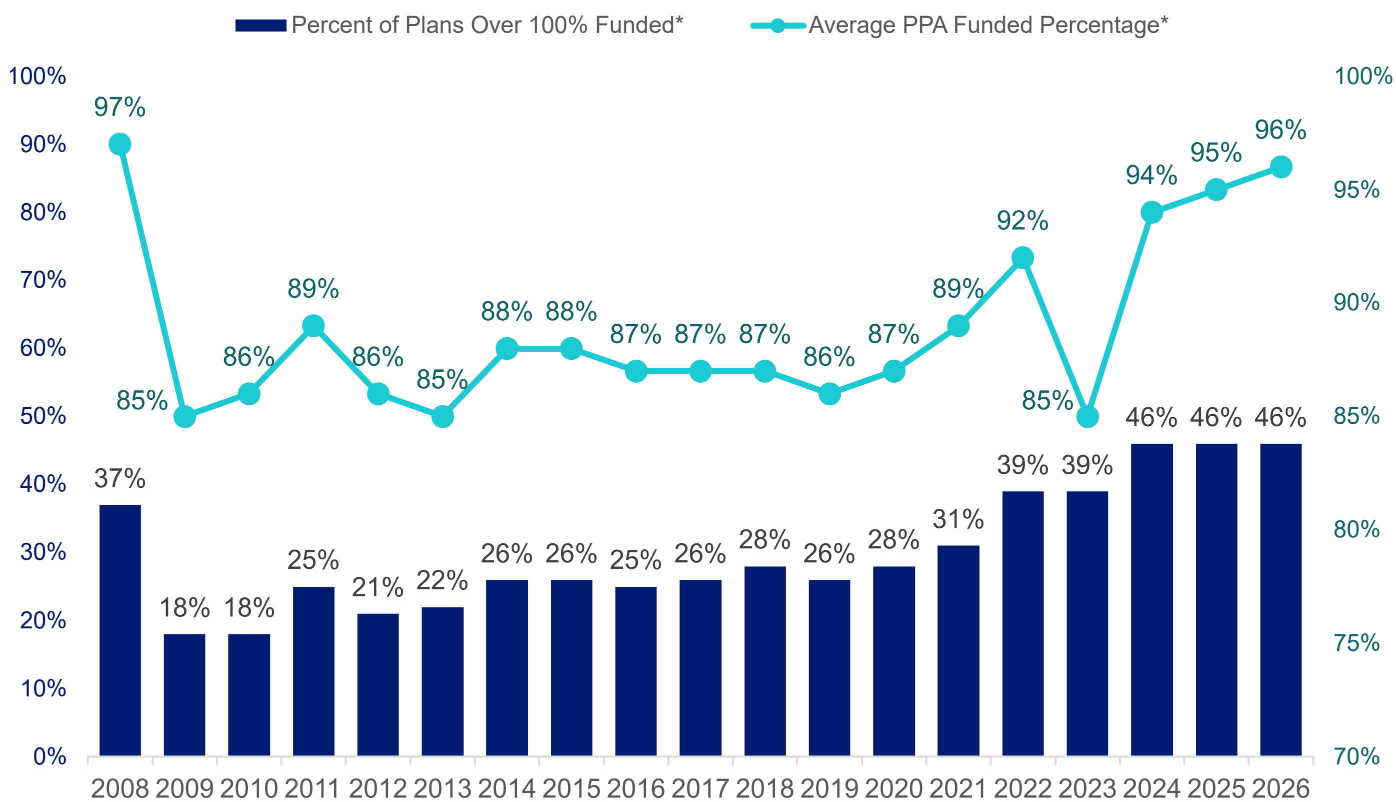
Together, these legislative changes have reshaped the PPA framework over time, balancing discipline with flexibility in response to both immediate shocks and longer-term pressures.

More Plans Above 100% Funded Today Compared to 2008

The same recovery seen in zone status is reflected in funded levels. The past two decades highlight both the immediate impact of market declines and the delayed recognition of those effects through actuarial smoothing.

Funded levels fell rapidly after the global financial crisis and other market downturns, like in 2022, but have recovered over time. Nearly half of plans surveyed (46 percent) have a PPA funded percentage over 100 percent, more than in 2008. Moreover, the average funded percentage in 2026 of 96 percent is nearly in line with that in 2008.

The Average Funded Level Recovered and Plans Over 100% Funded Have Increased Significantly Since 2009*



* The PPA funded percentage uses the actuarial value of assets, excluding SFA assets.

Source: Segal, 2008–2026

Zone Status Over Time by Industry

Changes in zone status by industry reflect differences in plan maturity, contribution structures and exposure to economic cycles. These differences became most apparent after the global financial crisis and have continued through the recovery.

In 2008, the survey found few industry differences in zone status, and notably, nearly all surveyed plans in the entertainment, manufacturing and retail and food industries were in the green zone.

By 2014, not all plans had recovered following the global financial crisis, and the zone status distributions among industries had shifted dramatically. In the retail and food and transportation industries, most plans were now in the red zone. Once C&D status was introduced at the end of 2014, a clearer picture of critically distressed plans emerged.

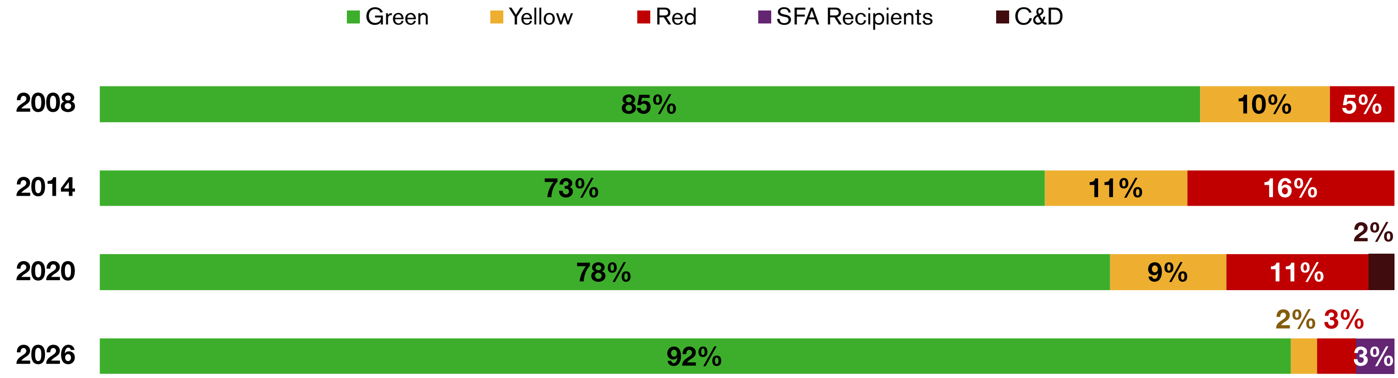
In 2020, with the COVID-19 pandemic looming, all but the manufacturing and service industries had seen improvements in the percentage of plans in the green zone. Most C&D plans were concentrated in the manufacturing and transportation industries.

Today, the majority of plans in most industries are in the green zone, except for manufacturing. Notably, the construction and service industries have a higher percentage of green-zone plans today than in 2008.

Manufacturing, retail and food and transportation plans have experienced more persistent stress, with higher shares of plans receiving SFA or remaining in critical status. In contrast, construction, entertainment and service plans have generally maintained stronger funding positions.

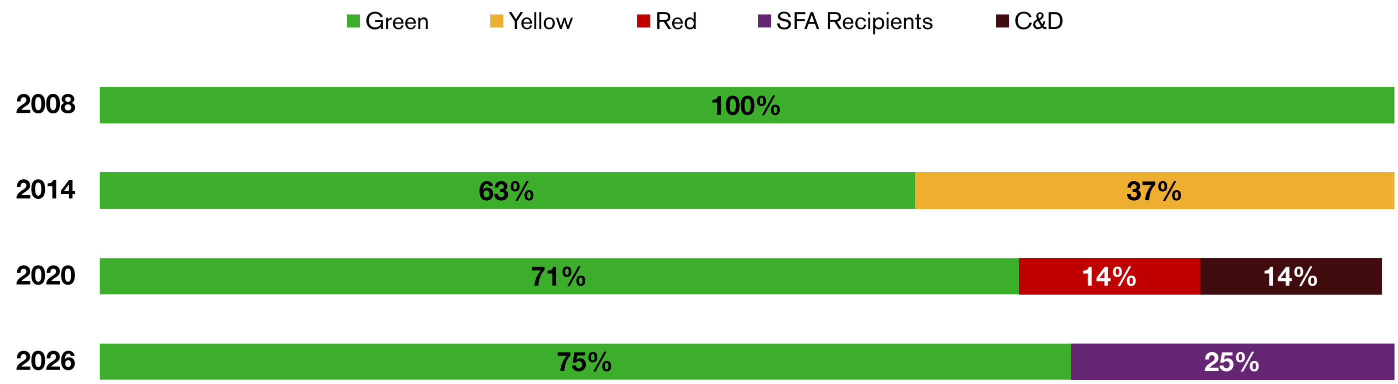
Zone Status Trends Differ by Industry, Shaped by Economic Events and Changes in Law

Construction



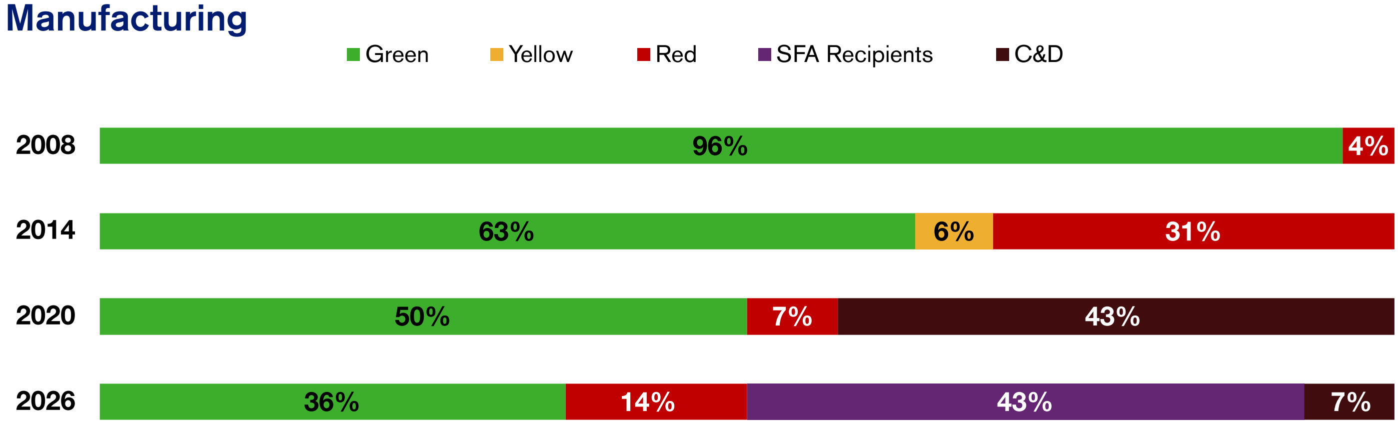
Source: Segal, 2008–2026

Entertainment



Source: Segal, 2008–2026

Manufacturing

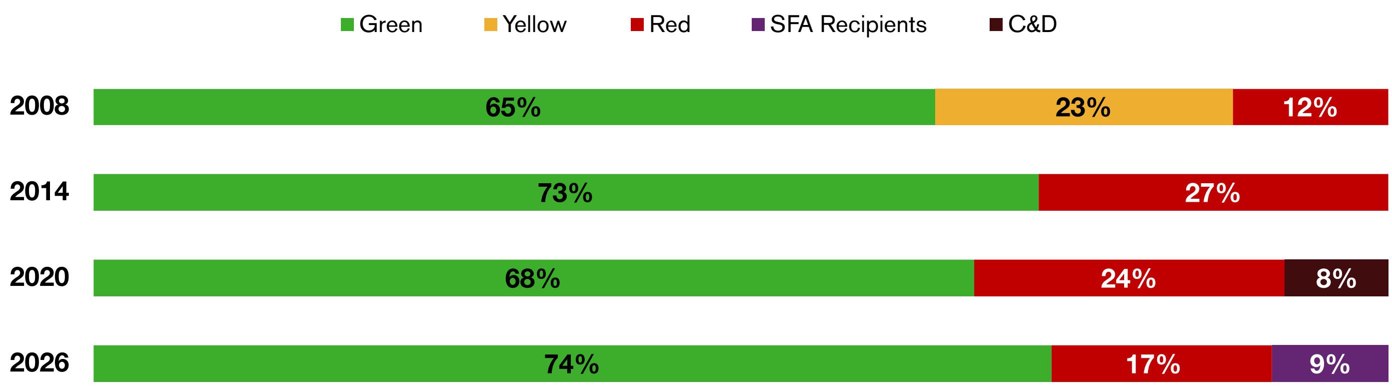


Source: Segal, 2008–2026

Retail and Food

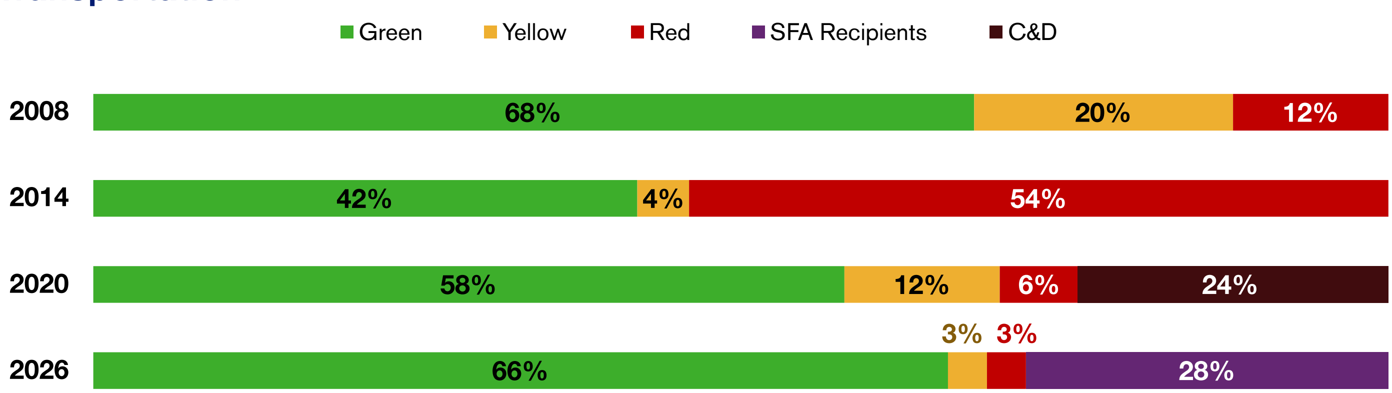
Source: Segal, 2008–2026

Service



Source: Segal, 2008–2026

Transportation



Source: Segal, 2008–2026

Looking Ahead: Lessons for the Next 20 Years

The 20 years since PPA became law make it clear that a plan's current zone status is only a point in time. What matters more than zone status is how a plan responds to changing conditions.

Experience shows that results can differ significantly from expectations, particularly during periods of market stress. Tools such as stress testing and scenario modeling can help trustees better understand potential risks and prepare for uncertainty. To help evaluate long-term sustainability, trustees should analyze the following:

- Projections of industry and employment levels
- The potential growth or decline in future contributions
- Potential fluctuations in financial markets
- Alternative benefit designs
- De-risking strategies
- Development of benefit management policy

Ultimately, long-term outcomes depend on funding discipline, contribution trends and the ability to adapt as conditions change.

Segal consultants can discuss approaches to evaluate your plan's financial condition and embedded risks and help you understand options going forward. Segal Marco Advisors investment consultants can discuss strategies to reduce investment risk.

Questions? Contact Us.

For more information about this survey or to discuss opportunities and approaches to evaluate your plan's financial condition and inherent plan risks, contact your Segal consultant or one of the following subject matter experts on multiemployer pension plans.

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