Currents

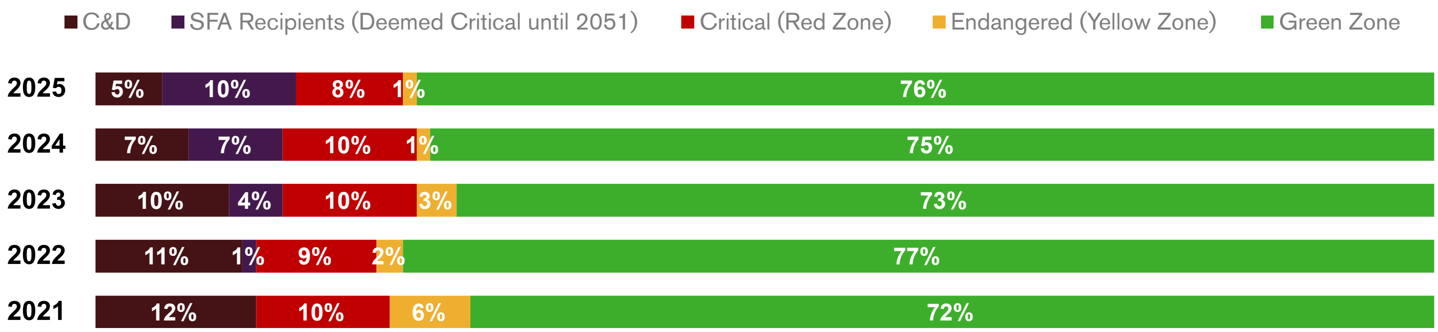
Quarterly Recap for Multiemployer Retirement Plan Sponsors

Second Quarter 2025

Key statistics

Our latest survey of calendar-year multiemployer plans found that more than three-quarters are still in the green zone as of early 2025.

Zone-Status Breakdown by Year, 2021–2025



* Upon receipt of SFA, plans are deemed to be in critical status until 2051.

Source: Segal, 2025

To see more key findings from the survey, download our infographic.

Selected strategies for managing multiemployer retirement plans

Reducing risk by balancing stability and security

Successful retirement programs have financial stability in contribution requirements to ensure the right asset levels to provide security and reliability in benefit payments.

For plan sponsors, stable and sufficient contributions ensure a steady inflow of funds and facilitate financial planning. A stable retirement program can also attract and retain talent and minimize workforce turnover costs. For plan participants, a retirement plan with stable contributions can give employees confidence to retire with predictable retirement income benefits that are protected against market volatility. The long-term financial security can give financial peace of mind during retirement.

Any retirement program that lacks either a stable contribution requirement or secure benefits faces increased risk and uncertainty. Avoiding this type of uncertainty is attainable with good governance and purposeful oversight, including the review of plan design, investment policy and stakeholder buy-in and understanding. Learn more about this strategy in our March 13, 2025 article, “To Reduce Retirement Plan Risk, Balance Stability & Security.”

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Artificial intelligence

Advances in artificial intelligence (AI), particularly generative AI, are moving quickly and in ways we cannot foresee. Although working through the decision of whether and how to incorporate AI into the workplace can seem a daunting task, plan sponsors are encouraged to develop and communicate an AI policy. Specifically:

- Decide whether to prohibit the use of AI or to embrace the technology.
- Make sure everyone understands the AI policy.
- Prepare to keep the AI policy up to date.

Learn more in the February 4, 2025 article, "Artificial Intelligence and Plan Governance Considerations" and the recording of our February 19, 2025 webinar, "AI Uncovered: What Your Organization Needs to Know and Do Now."

Investment trends

Tariffs: timeline and market reactions

The introduction of new global tariffs has caused massive volatility for stocks. U.S. stocks plunged in the days after April 2, when President Trump announced a sweeping set of new tariffs that covered nearly every country and particularly targeted China. The new tariffs also roiled bonds, as investors sold Treasuries and the dollar in the aftermath of the announcement. In the weeks since both stocks and bonds sold off, the administration made moves to soften these new tariff policies, first by instituting a 90-day pause on so-called reciprocal tariffs and later by announcing a temporary reduction in the China tariffs. As tariff policies eased, stocks surged. By the end of April, the S&P 500 Index® had slipped only -0.7 percent for the month, and the index was back in positive territory by mid-May.

While investors seem to be encouraged, there are still reasons to believe that volatility will continue. Consumer sentiment declined in April and May, with growing worries over tariff-fueled inflation. Economists are still sounding the alarm about a possible recession. However, employment figures remain relatively strong, and corporate earnings in the first quarter of 2025 were relatively solid. Expect more market volatility in 2025.

To learn more, see the articles from April 17, 2025, "Trump Tariffs 2.0000000? (Sequel?)" and May 12, 2025, "April 2025 Financial Markets."

Compliance reminders

New model annual funding notice

SECURE 2.0 Act (SECURE 2.0) made legislative changes to the requirements of annual funding notices (AFNs), effective for the 2024 plan year, which were due for mailing by April 30, 2025 for calendar-year plans. On April 3, 2025, the DOL issued FAB 2025-02, which contained new model AFNs incorporating changes made by the SECURE 2.0. In its guidance, the DOL allowed for reasonable, good-faith interpretations from plans that had already prepared their 2024 AFNs. SECURE 2.0 requires multiemployer plans to report three years of demographic information and disclose the average return on assets for the most recent plan year. Plans that use a self-developed 2024 AFN should move towards the model AFN for the 2025 plan year.

For more information, see our April 17, 2025 insight.

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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