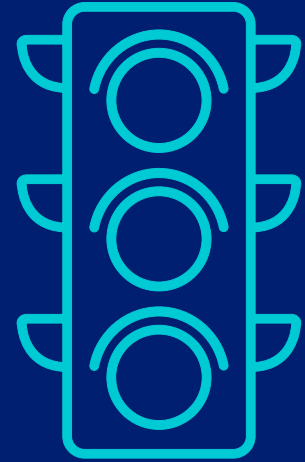


Slight Change in Zone Status Despite Investment Losses

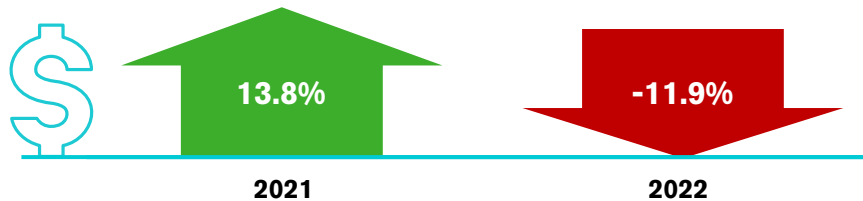


Nearly three-quarters of all multiemployer pension plans in Segal's latest survey remain in the green zone, although the zone status of some calendar-year multiemployer plans did change as of January 1, 2023, following 2022 investment performance.

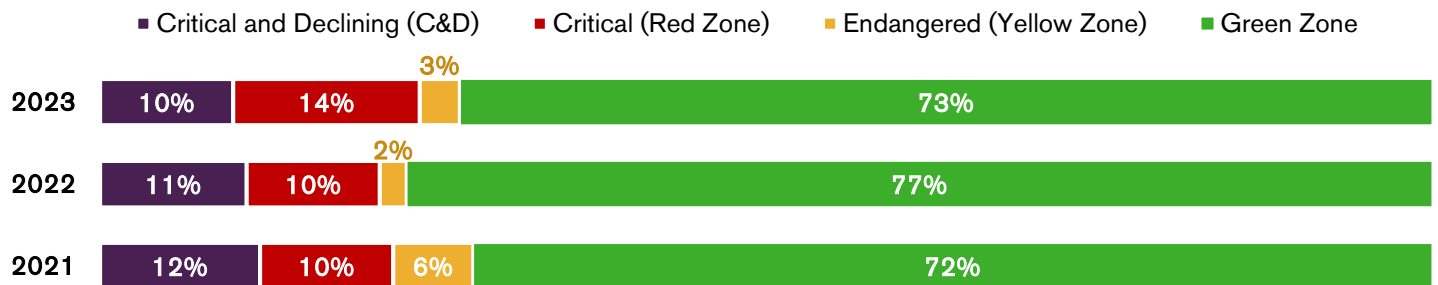
Survey Snapshot

Investment volatility impacts zone status

Median net investment return for plans in the survey:

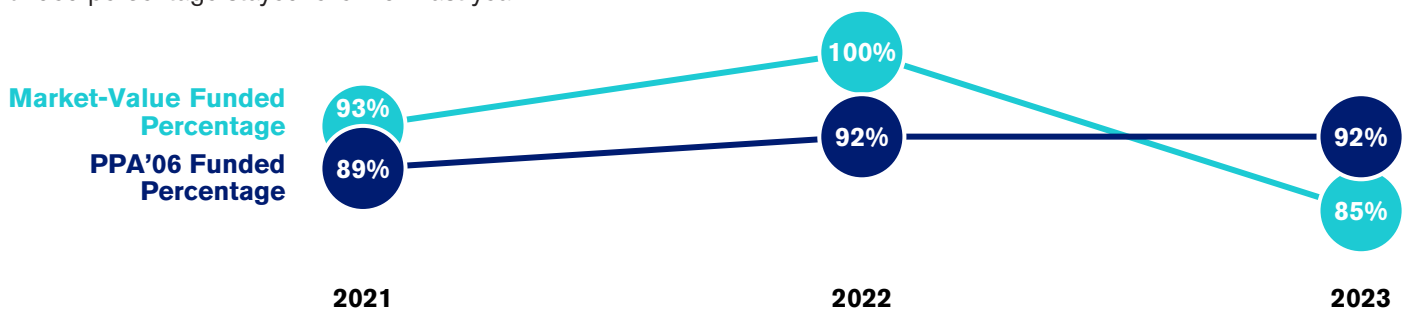


Strong 2021 returns helped more plans enter the green zone in 2022 (a 5-point increase). Poor 2022 returns resulted in a 4-point decrease in the percentage of green-zone plans to 73 percent (still 1 point above 2021).



The average PPA'06 funded percentage stayed level

Between 2021 and 2023, the market-value funded percentage dropped 8 points as 2022 investment losses more than erased the gains from 2021. However, due to asset smoothing, the average Pension Protection Act of 2006 (PPA'06) funded percentage stayed level from last year.

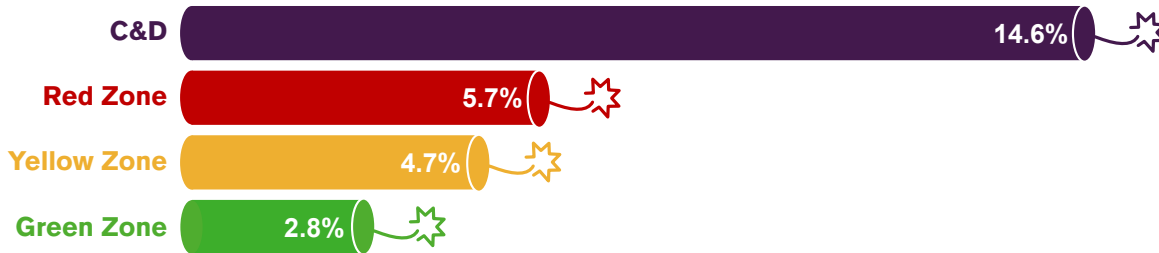


C&D plans have much higher “burn rates” than other plans

Burn rate is the rate of asset decline as a percent of total assets, without regard to investment income.

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

The median burn rate for C&D plans in the 2023 survey is more than double the burn rate for red-zone plans.



Plans with lower burn rates are better equipped to weather fluctuations in the markets. For a plan's assets to grow, the annual investment return must exceed the burn rate.

Looking ahead



Over the next few years, we expect:

- C&D plans will apply for and receive PBGC special financial assistance.
- Those plans' zone status will improve.

About the survey

The **186 plans** included in this survey are those with plan years beginning January 1, 2023.

As a group, these plans:



Have more than
\$133 billion in assets



Provide benefits to just over
2.7 million participants

We can help you manage changes in your plan's zone status.

[Ask us](#) to run projections that can help you make decisions with confidence.

This infographic is for informational purposes only and does not constitute legal, tax or investment advice. You are encouraged to discuss the issues raised here with your legal, tax and other advisors before determining how the issues apply to your specific situations.