

The Monthly Pension Review: May 2025

The S&P 500 climbed by over 6% for the month, the first time the index gained over 6% in May since 1990.

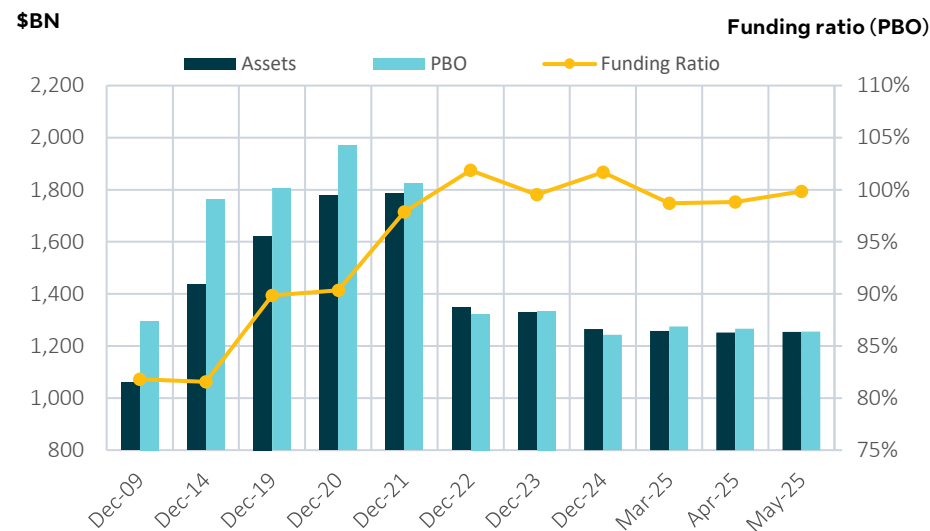


May Market Summary

- **Funded status rose by 1.01% in May** – Assets returned 1.9% while liabilities returned -0.8%.¹
- **The S&P 500 Index rose by 6.15%** – Easing trade tensions, along with encouraging inflation data, led to a standout month for the index.
- **The Long Credit Index yield rose slightly by 0.08% in May** – Long Treasury yields also rose by 0.25%.

Market Watch	Dec-23	Dec-24	Apr-25	May-25
Funded Status ⁽¹⁾	99.5%	101.7%	98.82%	99.82%
FTSE Discount Rate	4.76%	5.44%	5.44%	5.54%
Long Credit Yield ⁽²⁾	5.22%	5.81%	5.86%	5.95%
US 30Y TSY Yield	4.03%	4.78%	4.68%	4.93%
S&P 500	4,770	5,882	5,569	5,912

Milliman Pension Funding Index (May 2025)¹

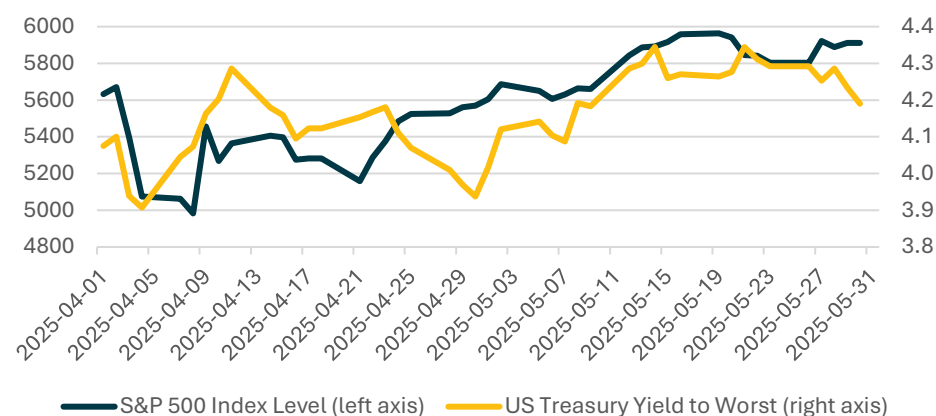


LDI in the current market environment

The funded status of plans improved over the month of May. This was largely attributable to improving asset values from equities rebounding from losses experienced in April and a drop in liabilities related to a rise in long-term Treasury yields. Liability-driven investment (LDI) strategies continued to perform as intended in May, providing a level of hedging against interest rate movements. Declines in fixed income due to increasing Treasury yields were largely offset by similar decreases in liability, generally in line with plans' hedge ratios.

During times of higher interest rate volatility, an LDI strategy can help hedge what seems like a higher amount of market risk. Furthermore, the recovery of plan funded ratios has provided plan sponsors with a welcome reprieve, plus the opportunity to review asset allocations and risk characteristics of pension plans and to consider further derisking or diversification.

S&P 500 Index and U.S. Treasury Yield movements April–May 2025²



¹ Data from reference Bloomberg indices. Funded status is in reference to Pension Funding Index of the top 100 U.S. corporate pension plans sourced from Milliman, except for most recent month which is estimated based the return for representative pension plan asset allocation and prior month's liabilities adjusted for duration and change in discount rate. FTSE Discount Rate source: FTSE. Long credit, US 30Y TSY yield, S&P 500 Index value source: Bloomberg.

² Data from Bloomberg, S&P Index and US Treasury Total Return Unhedged Index.

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Market chart indices:

- AAA Non-Agency CMBS and A Corporate source: Index data from Bloomberg.

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