Voya Corporate Pension Intelligence Report 2026

The past year saw record-high funded status across much of the S&P 500 pension universe. But it also revealed something less expected: early signs that some of the most well-funded plans may be moving beyond traditional de-risking.

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VOYA Investment Management

Executive summary

We are pleased to present the findings of our 2025 year-end Corporate Pension Intelligence Report, where we analyze key trends, characteristics, and performance of the 124 defined benefit plans in the S&P 500 with continuous pension disclosures dating back to December 31, 2007.

Funded status continued to improve in 2025 and now stands at the strongest levels observed since the global financial crisis (GFC). Most plans' fixed income allocations also rose to record highs. However, among the most highly funded plans, fixed income allocations appear to have plateaued and are beginning to decline. This makes intuitive sense—as with insurance, the benefits of additional protection begin to diminish once the primary risk has largely been addressed.

One conclusion seems increasingly clear: After two decades of getting back into bonds, the next evolution of LDI may be defined less by how much fixed income a plan owns and more by what resides within that allocation.

We explore this and other developments in the pages that follow.

Key findings for 2025: A re-risking threshold emerges

105.4%
Average funded status

Up from 102.1% in 2024 and nearing the pre-2008 peak (107% in 2007).

48%
Average fixed income allocation

Up substantially from 2007's 34% and reflecting widespread adoption of LDI strategies.

9.7% vs. 6.5%
Actual vs. expected returns

Actual returns were 320 bp higher than expected in 2025. This is a stark change from 2024's actual returns of 3.2% vs. an expected 6.5%.

-19 bp
Change in discount rate

The average discount rate fell in 2025 to 5.4% from 5.6% the previous year, which caused a modest increase in liabilities.

55%
Plans with at least half their portfolios in bonds

In 2025, most plans had at least half their assets allocated to fixed income. This is a huge change from 2007, when only around 15% of plans had majority fixed income allocations.

129%
Re-risking threshold

Fixed income allocations rise as plans improve funding status. Once plans near 130% funded, the needle bends back to re-risking.

Methodology

This study examines 124 companies in the S&P 500. Requirements for inclusion:

- Must be an S&P 500 company as of 12/31/2025
- Must have a defined benefit pension plan with assets greater than $100 million
- Must have a fiscal year that concludes on December 31
- Must have continuously disclosed pension data in their annual 10-K filing from 2007 through 2025

Unless stated otherwise, our analysis is in aggregate. For example, total assets and liabilities are the summation of all 124 corporations' assets and liabilities (as if they represented one big pension plan).

Why pension funding health matters

A well-funded pension plan offers multiple advantages for corporations. It reduces the need for future contributions, enhances credit ratings, and minimizes balance sheet volatility.

Conversely, underfunded plans may trigger additional funding requirements under Employee Retirement Income Security Act (ERISA) and IRS regulations as well as onerous Pension Benefit Guaranty Corporation (PBGC) premiums (essentially government insurance on a pension shortfall).

For employees, strong funding status ensures the security of promised retirement benefits and lowers the risk of benefit reductions or freezes. For investors, pension obligations represent a significant balance sheet liability. Funding status serves as a key indicator of financial discipline and long-term risk management.

This study offers timely insights on how asset allocation choices, particularly fixed income strategies, affect funded status outcomes across varying market conditions and plan types (e.g., frozen versus accruing).

The study also provides corporate sponsors with strategic guidance on navigating funding volatility and aligning investment decisions with long-term plan stability.

Pension strategy should not exist in isolation. It must align with broader corporate objectives such as capital allocation, M&A activity, and workforce planning. For example, a well-funded and de-risked pension plan can enhance a company's credit profile, reduce financing costs, and support strategic flexibility during acquisitions or restructuring.

Fully funded isn't the finish line

The American corporate pension system rarely produces good news. Yet, by the end of 2025, the average S&P 500 pension plan was 105.4% funded, its strongest position since before the GFC.

The achievement is even more impressive with added historical context. For much of the past two decades, pension sponsors endured collapsing interest rates, rising PBGC premiums, Covid, shifting regulatory and tax regimes, and, at pivotal moments, missed opportunities to lock in gains.

The post-2013 "taper tantrum" period offers a useful case study. Although rising Treasury yields strengthened funded positions, many sponsors were slow to de-risk, leaving plans exposed as interest rates resumed their downward trajectory and partially reversed those improvements (Exhibit 1).

Those setbacks make the current funding position all the more notable. The improvement to 105.4% funding from 102.1% a year earlier may appear incremental. However, considering the dip to 77% funding following the GFC, it represents the culmination of a long, uneven, and frustrating recovery.

Unlike 2022, when higher discount rates did much of the heavy lifting by reducing liabilities, the gains of 2025 were largely earned through investment performance. Notably, pension assets returned an average of 9.7%, while liabilities rose modestly.

As funded status improves, surplus protection is emerging as the next frontier in pension investing.

Four years into a sustained surplus position, corporate pension plans continue to shift from repair to preservation, with few plans ultimately moving toward termination.

A deeper look at the data reveals that over half of all plans (55%) now allocate at least 50% of assets to fixed income, a major change from 15 years ago, when very few plans reached that threshold (Exhibit 2). This shift toward higher bond exposure has reduced funded status volatility, enabling plans to weather market crises with greater resilience, as seen during the Covid-driven market shock in 2020 and the sharp rise in interest rates in 2022.

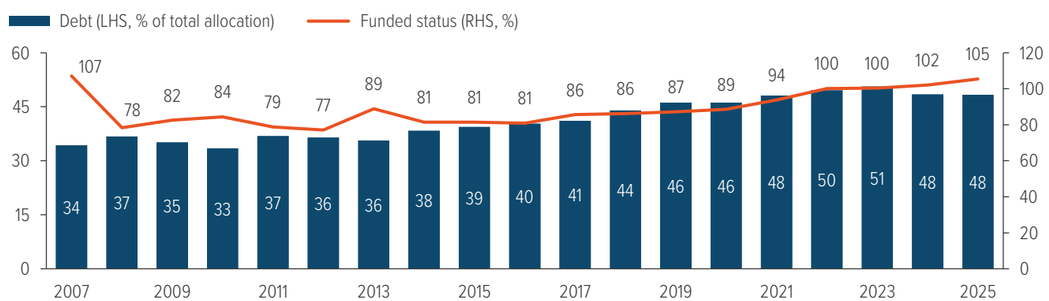
A closer look at plan status shows that frozen plans continue to maintain significantly higher fixed income allocations than active plans. Since 2021, frozen plans have allocated roughly two-thirds of assets to fixed income, compared with about one-half for active plans. This disparity reflects the runoff nature of frozen plans and their shortened investment horizon.

Frozen plans prioritize protection, while active plans retain greater flexibility to pursue growth.

With less time to recover from market downturns, frozen plans typically place greater emphasis on liability hedging and funded status stability. On the other hand, active plans can generally maintain a longer-term investment perspective, supported by ongoing benefit accruals and a more perpetual plan structure.

Exhibit 1: DB fixed income allocations taper off after the 100% funding milestone

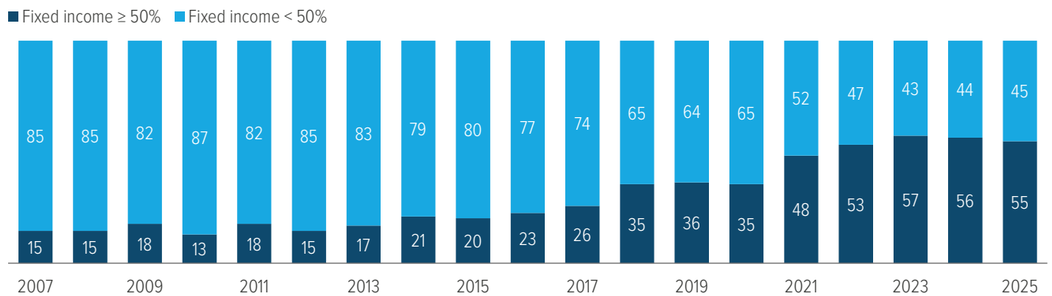
Fixed income allocations versus funded status



As of 12/31/25. Source: Voya IM, Standard & Poor's, company 10-K filings.

Exhibit 2: Fixed income allocations represent a greater percentage of plan assets

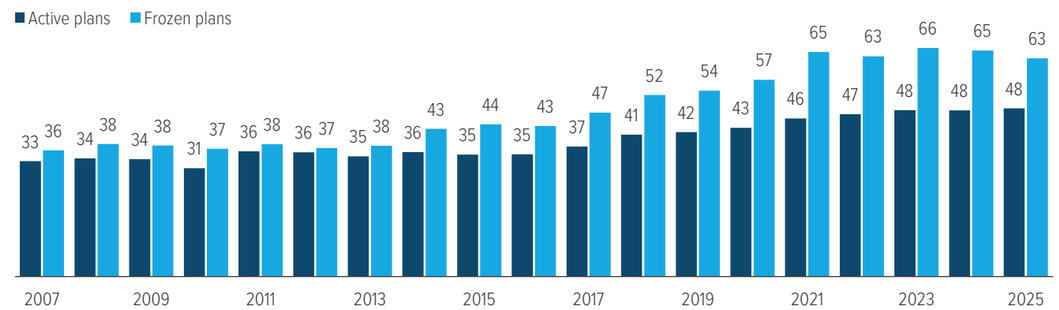
DB plan allocations to fixed income (%)



As of 12/31/25. Source: Voya IM, Standard & Poor's, company 10-K filings.

Exhibit 3: Frozen plans have considerably higher allocations to fixed income than active ones

Total fixed income allocation, active vs. frozen plans, by year (%)

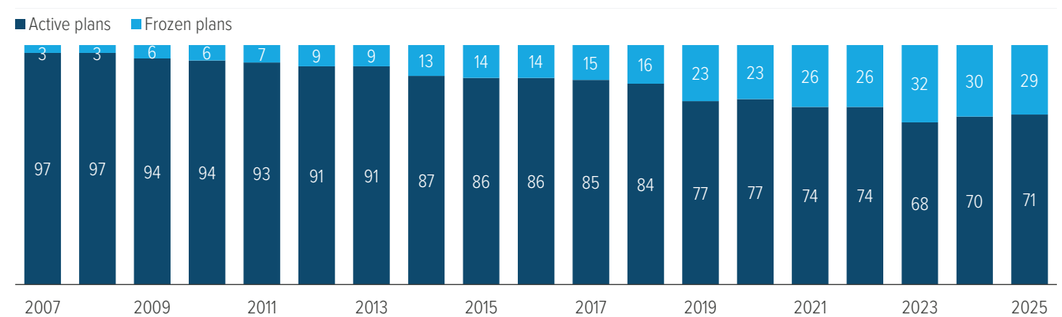


As of 12/31/25. Source: Voya IM, Standard & Poor's, company 10-K filings.

Importantly, the 2025 data show no meaningful increase in the number of frozen plans. (In this analysis, plans with service accruals below 0.5% of beginning-of-year liabilities are classified as frozen.)

Exhibit 4: Frozen DB plan assets appear to have peaked

Number of accruing plans as a percent of total plans (%)



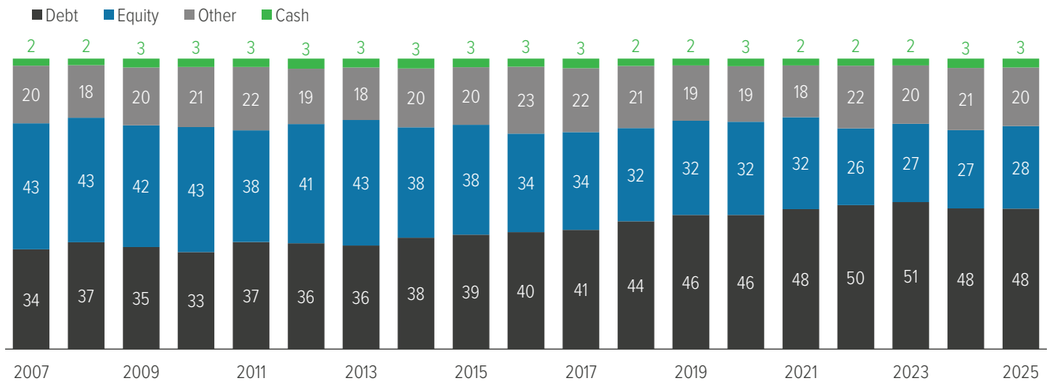
As of 12/31/25. Source: Voya IM, Standard & Poor's, company 10-K filings.

Returning to the full sample of 124 companies, Exhibit 5 illustrates the evolution of pension asset allocations over time. Although the "other" category—the most opaque of all reported allocation categories—has remained near 20% for almost two decades, its composition has likely changed substantially. It tended to be dominated by private equity after the GFC. As interest rates have risen, however, there has been strong anecdotal evidence of sponsors shifting away (or trying to shift away) from PE into other alternative investment strategies.

We have similarly seen private fixed income and other specialized credit allocations increase significantly over the past decade on a plan-by-plan basis, but there is no consistent standard on whether alternative credit is classed as "debt" or "other." In any case, pension portfolios today are likely more diversified and sophisticated than their aggregate allocation figures alone would suggest.

Exhibit 5: Public equity allocations fell as plans pursued de-risking

DB asset allocation by category (%), 2007-2025



As of 12/31/25. Source: Voya IM, Standard & Poor's, company 10-K filings. Column totals may not sum to 100 due to rounding.

Rethinking risk from a position of strength

One of the more intriguing developments in today's pension landscape is the emergence of re-risking discussions among highly overfunded plans. The conventional glide path framework assumes a steady progression toward higher fixed income allocations as funded status improves. However, as a growing number of plans move into overfunded territory, some sponsors are reevaluating that assumption.

For some overfunded plans, the next step may not be more de-risking, but selective re-risking.

Once liabilities are largely hedged and a meaningful surplus exists, should all of the excess assets continue to be invested in liability-hedging strategies, or can a portion be redeployed in pursuit of growth?

Anecdotally, we know these discussions are taking place across the industry. The logic is simple: A plan that is 120% or 130% funded may choose to maintain a targeted funding cushion while redeploying a portion of that surplus into return-seeking assets. In other words, after decades of moving in only one direction, the de-risking journey may begin to bend back toward risk.

The data suggest this may already be happening. Our analysis shows that fixed income allocations generally rose as funded status improved.[1] Plans funded below 80% allocated an average of 37.8% to fixed income, while plans funded between 100% and 110% allocated nearly 50%, reflecting the traditional progression toward greater liability hedging as funding levels improve.

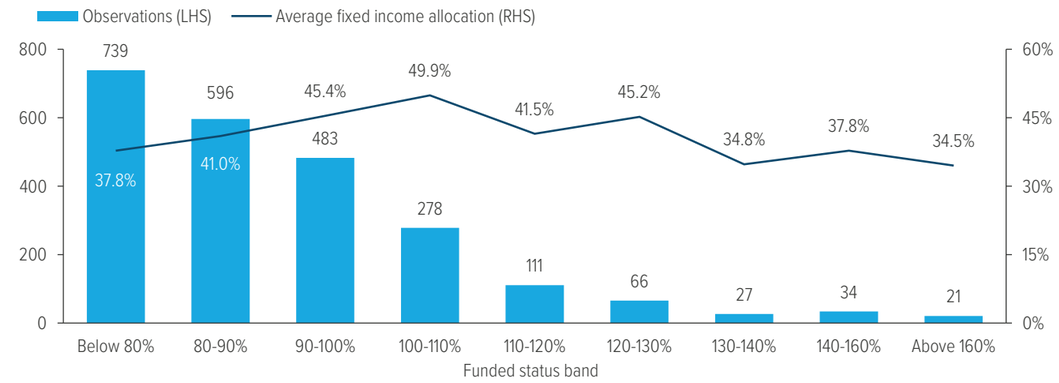
When surplus grows, the glide path may start to bend.

Interestingly, fixed income allocations appear to peak near full funding and then decline as plans become increasingly overfunded (Exhibit 6). Plans funded above 130% maintained average fixed income allocations in the mid-30% range, well below the roughly 50% allocations observed around full funding.

[1] Voya IM analysis completed in 08/26 of 2,355 company-year observations* spanning 124 company DB plans from 2007 through 2025.

Exhibit 6: Over the full period, fixed income allocations peak near full funding

Average fixed income allocation by funded status band, 2007-2025



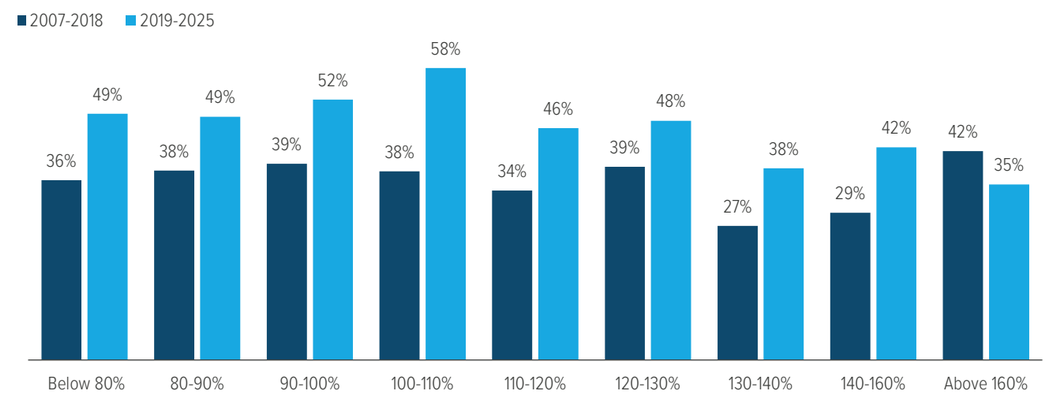
As of 12/31/25. Source: Voya IM, Standard & Poor's, company 10-K filings.
*Each observation represents one company in one year, enabling a 19-year analysis of how pension asset allocations respond to changes in funded status.

The pattern becomes even more pronounced in the post-2019 period (Exhibit 7). The data provide evidence that the potential re-risking effect is more statistically distinguishable in recent years.

At roughly 130% funded, the de-risking journey reached a turning point in recent years.

Exhibit 7: Recent data shows a more pronounced decline in fixed income allocations beyond full funding

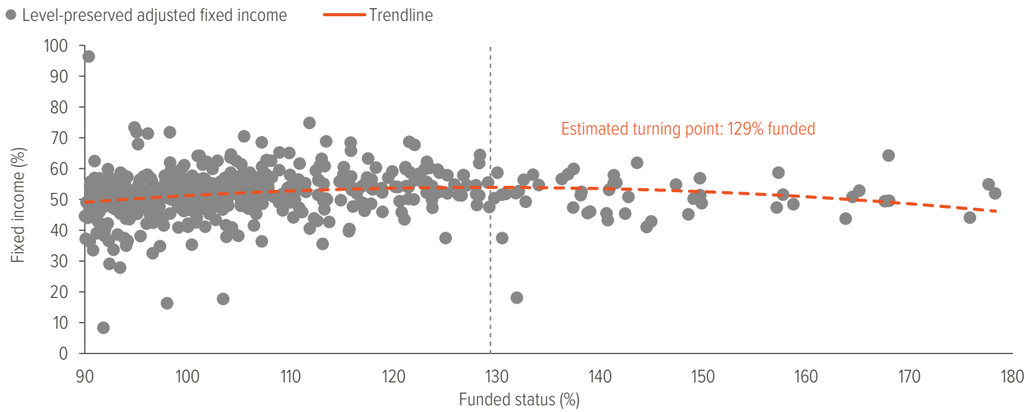
Average fixed income allocation by funded status bucket



As of 12/31/25. Source: Voya IM, Standard & Poor's, company 10-K filings.

Exhibit 8: Strategic turning point toward declining fixed income allocations identified at approximately 129% funded

Adjusted relationship between funded status and fixed income allocation, 2019-2025



As of 12/31/25. Source: Voya IM, Standard & Poor's, company 10-K filings. Fixed income allocation is adjusted for company and year effects.

Importantly, quadratic analysis shows a statistically significant turning point at roughly 129% funded status during 2019-2025 (Exhibit 8).

Notably, the number of observations above 130% funded status increased over the last several years. Earlier years were largely characterized by underfunded plans, providing limited insight into sponsor behavior at very high funding levels. By contrast, the recent period includes a meaningful number of plans funded above 130%, providing more conviction that asset allocation decisions change once a significant surplus has been established.

While not conclusive proof of re-risking at ultra-high funding levels, the results provide some of the strongest evidence to date that highly overfunded plans may begin redeploying portions of surplus assets into return-seeking strategies rather than continuing to increase fixed income allocations indefinitely.

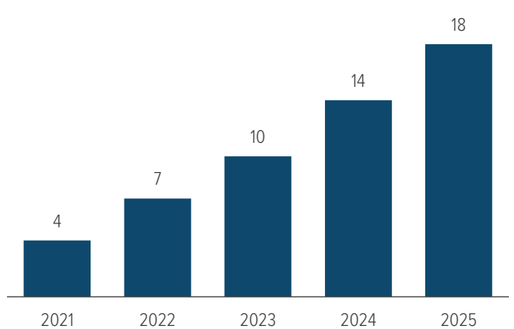
Although the emergence of surplus management is one of the more interesting developments in today's pension landscape, it should not obscure the extraordinary journey that brought plans to this point.

Before sponsors could contemplate how to invest surplus assets, they first had to build them.

A growing number of highly overfunded plans may be redefining the pension endgame.

Exhibit 9: The number of plans over 130% funded has more than quadrupled in the past five years

# of observations per year



As of 12/31/25. Source: Voya IM, Standard & Poor's, company 10-K filings.

Hedging and the fully funded plan: A modern approach to LDI

Over the past decade, pension plans generally improved funded status by increasing fixed income allocations with hedge ratios at or approaching 100%. Today, as more plans are fully funded and beyond, attention is increasingly turning toward the construction of the hedge portfolio itself.

A more efficient hedge seeks to preserve liability-matching characteristics while potentially enhancing risk-adjusted return opportunities. This evolution may help explain why the composition of fixed income portfolios is becoming as important as their size.

Learn more: LDI in Action: Enhancing Yield without Sacrificing the Hedge

Employer contributions: From funding deficits to surpluses

As a major contributor to this new phenomenon of surplus assets, companies in the sample contributed roughly $527 billion from 2007 through 2025, exceeding cumulative service cost by roughly $179 billion.

The pension recovery accelerated as sponsors paired asset growth with de-risking and liability-aware investing.

Under normal circumstances, such sustained contributions would likely have produced a rapid improvement in funded status. However, the post-crisis era was anything but ordinary. Even amid a historical bull market, persistently low interest rates acted as a powerful headwind, offsetting much of the benefit from both sponsor contributions and investment gains.

Several distinct periods emerge when we triangulate contribution patterns, funded status, and shifts in fixed income allocations. From 2007 to 2015 alone, sponsors contributed approximately $293 billion, more than $100 billion above cumulative service cost.

Yet, despite that commitment, funded status remained stuck in the mid-80% range. The shortfall was not due to a lack of contributions but rather the headwinds of falling discount rates and insufficient liability hedging. Subsequently, sponsors often found themselves rebuilding funding levels only to watch liability growth erase much of the gain.

The next phase marked a meaningful shift. Between 2016 and 2018, sponsors contributed another $123 billion to their pension plans, roughly double the service cost accrued over the same period.

The Tax Cuts and Jobs Act of 2017 accelerated funding activity by creating an incentive to make contributions before lower corporate tax rates reduced the value of future deductions.

At the same time, liability-driven investing (LDI) was becoming a mainstream pension strategy. Sponsors were not only adding assets to their plans but increasingly adjusting asset allocations to protect the funded status those contributions created. Notably, fixed income allocations increased by roughly four percentage points during this three-year period, nearly matching the cumulative increase achieved during the entire 2007-2015 phase.

From 2019 through 2025, contributions declined sharply to roughly $112 billion, only modestly above cumulative service cost. That said, funded status rose from the high-80% range to more than 105%, and even the Covid market shock appears as little more than a temporary deviation from the broader upward trend. That resilience was likely the result of higher hedge ratios, larger fixed income allocations, and a broader acceptance that contributions alone do not secure a pension plan.

If the first phase of the post-crisis era demonstrated how falling rates could consume hundreds of billions of dollars in contributions, the last phase demonstrated how contributions—once paired with effective hedging and de-risking—could be preserved.

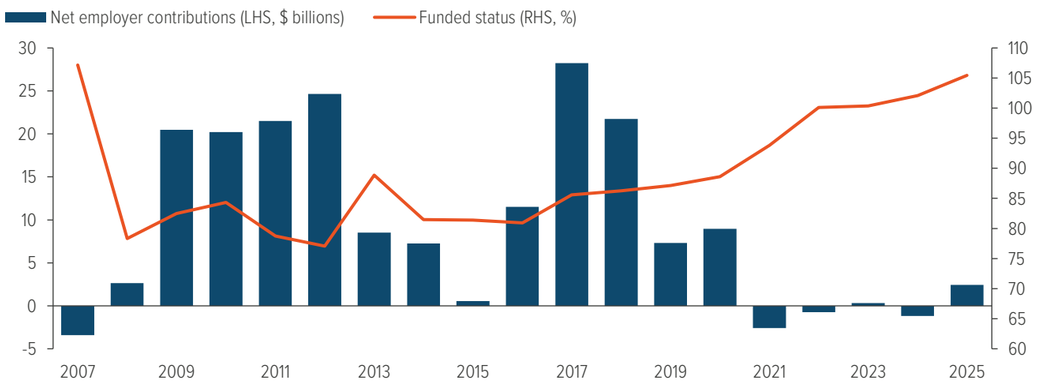
Contribution activity increased in 2025 but remained highly concentrated. The six largest contributors accounted for $5.7 billion of the $12.6 billion contributed across the sample, representing 46% of all employer contributions despite making up fewer than 5% of the companies analyzed.

Most of these sponsors remained below full funding at year-end, suggesting that contribution activity was concentrated among a relatively small group of plans still working to close funding deficits rather than reflecting a broad-based need for additional funding. This concentration highlights how aggregating contribution statistics can obscure substantial differences in pension objectives and funding requirements across plan sponsors.

Contribution activity rose in 2025, but was driven largely by a small group of underfunded plans still closing deficits.

Exhibit 10: Contributions improved funding; hedging and de-risking helped protect it

Employer contributions above service cost and pension funded status



As of 12/31/25. Source: Voya IM, Standard & Poor's, company 10-K filings.

Actual vs. expected returns: Why beating assumptions isn't enough

The post-crisis period highlights another important lesson: Pension outcomes are shaped not only by long-term return assumptions but by the timing and sequence of actual investment returns. This becomes clear when comparing expected returns with realized asset performance (Exhibit 11).

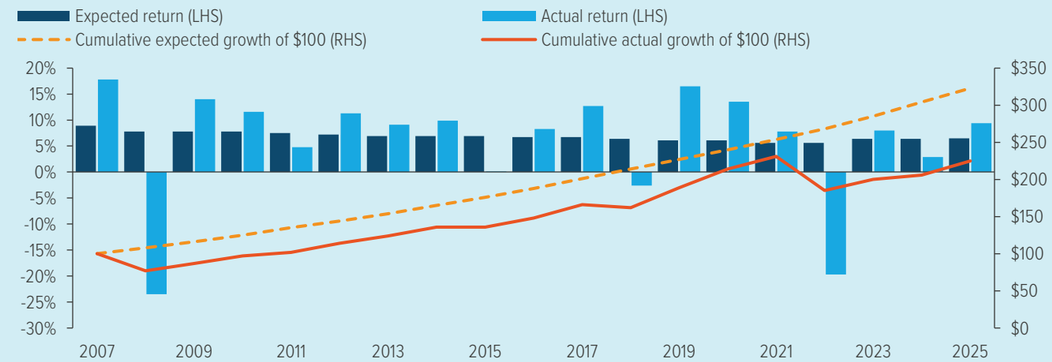
While expected return assumptions have declined steadily over time, actual asset returns have remained highly variable. Since the GFC, actual returns beat expected returns in 12 of the 17 years from 2009 through 2025, but compounded actual returns were still slightly below the level implied by compounded expected-return assumptions.

The result is a useful reminder that meeting or exceeding expected return assumptions is not, by itself, sufficient to improve funded status outcomes. The sequence and magnitude of returns matter, particularly when large drawdowns occur. This helps explain why the industry's focus gradually expanded beyond return generation alone toward funded-status risk management and LDI implementation.

The timing and sequence of market gains and losses can have a lasting impact on long-term funded status.

Exhibit 11: Funded status depends on more than meeting return targets

Expected and actual annual returns shown as bars; cumulative lines show the compounding path



As of 12/31/25. Source: Voya IM, Standard & Poor's, company 10-K filings.

Conclusion: The next evolution of LDI

For nearly two decades, the story of corporate pensions was one of repair. Sponsors contributed capital, increased hedge ratios, and steadily shifted assets toward fixed income. The reward for that persistence is a pension system that, on average, is better funded today than at any point since before the GFC.

Success, however, creates new questions. Much of the pension industry was built around the challenge of closing deficits. Today, an increasing number of plans find themselves confronting the opposite condition: surplus.

While traditional de-risking remains the dominant behavior, the data hint at a more nuanced reality emerging among the most highly funded plans. Once liabilities are effectively hedged and a meaningful surplus exists, should every incremental dollar remain in hedging assets?

A related question naturally emerges. As sponsors shift from deficit management to surplus management, the central challenge becomes less about the size of the fixed income allocation and more about what sits within it. Commercial mortgages, investment grade private credit, asset-backed finance, and securitized assets are increasingly becoming part of that discussion and are certain to shape the next evolution of LDI.

A note about risk

Examples of LDI (liability-driven investing) performance included in this material are for illustrative purposes only. Liability valuations can increase due to falling interest rates or credit spreads, among other things, as the present value of future obligations increases with falling rates and falling spreads. Liabilities can also increase due to actual demographic experience differing from expected future experience assumed by the plan's actuary. Diversification does not ensure better absolute performance or relative performance versus a pension plan's liabilities. In addition, investing in alternative investment products such as derivatives can increase the risk and volatility in an investment portfolio. Because investing involves risk to principal, positive results and the achievement of an investor's goals are not guaranteed. There are no assurances that any investment strategy will be profitable on an absolute basis or relative to the pension plan's liabilities. Information contained herein should not be construed as comprehensive investment advice. For comprehensive investment advice, please consult a financial professional.

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IM5966258 • 222977 • 092926 • 2026-09-1249

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