



# HEALTHCARE PENSIONS ENJOYED IMPROVED FUNDED STATUS, DESPITE DECLINING DISCOUNT RATES

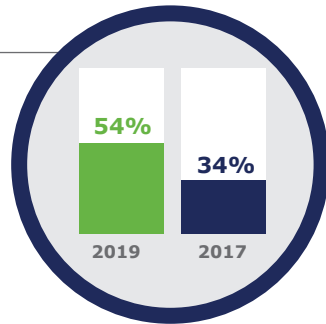
BASED ON NEPC'S 2019 DEFINED BENEFIT TRENDS SURVEY

## FUNDED RATIOS HAVE IMPROVED SUBSTANTIALLY

# 54%

of plans have funded status above 90%

and less than 1/3rd maintain a funded status below 80%



This likely led to a material increase in the use of LDI



## CONCERNS ON THE MARKET ENVIRONMENT



96% of respondents predict a recession in the next 3 years



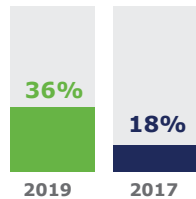
52% have a bearish view of stock market over the next 12 months compared to only 38% in 2017

Percentage of respondents that expect discount rates to be lower over the next 12 months

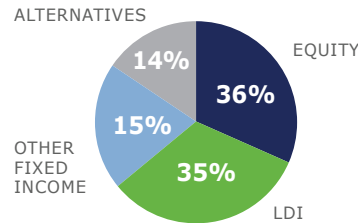


### PLAN SPONSORS EXPECTING LESS FROM THEIR INVESTMENTS

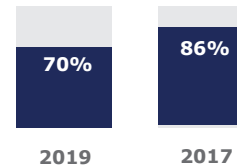
Long-term rate of return assumption below 6%



### HEALTHCARE ORGANIZATIONS MAINTAIN DIVERSIFIED PENSION PORTFOLIOS



However, use of alternatives has decreased since 2017



### ISSUING DEBT TO CLOSE FUNDING GAP NOT TOP OF MIND



16% have issued, or are considering issuing, debt to improve funded status



32% have considered, but rejected the idea



52% have still not considered the idea

**About the Survey** This NEPC survey was conducted online by the Corporate Defined Benefit Group in September 2019. The survey had 121 respondents across plans of different sizes and focus including corporations, healthcare organizations, and others. Copyright is held by NEPC.

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