

Press Release



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Funding Status of U.S. Pensions Increases to 85.3 Percent in February, According to BNY Mellon Asset Management

Rise in U.S. Stocks Drives Improvement

BOSTON, March 5, 2010 – Powered by a strong performance in U.S. stocks, the funding status of the typical U.S. corporate pension plan in February improved 1.6 percentage points to 85.3 percent, according to monthly figures published by BNY Mellon Asset Management.

Assets for the typical U.S. corporate pension plan increased 1.8 percent and liabilities decreased 0.1 percent for the month, as reported by the BNY Mellon Pension Summary Report for February 2010.

“A strong performance from U.S. stocks, particularly small cap and mid cap, boosted the assets of U.S. corporate pension plans,” said Peter Austin, executive director of BNY Mellon Pension Services, the pension services arm of BNY Mellon Asset Management. “Plans also benefited from a slight increase in the Aa corporate bond rate, which moved from 5.92 percent to 5.96 percent and resulted in a slight decrease in liability values.”

Plan liabilities are calculated using the yields of long-term investment grade corporate bonds. Higher yields on these bonds result in lower liabilities.

“February was a good month as interest rates held steady during the equity market rally,” said Austin. “We have experienced a nice recovery in funding levels over the last three months. But economic troubles in the European Union and the overwhelming scale of the U.S. deficit reinforce the work ahead, which will likely result in ongoing pension funded status volatility. We continue to see significant interest in liability driven investing (LDI) from plans looking to limit their exposure to volatility.”

Notes to Editors:

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