Media update

INSIGHT INVESTMENT PENSION MONITOR 2025: DB PENSION ASSETS REACH HISTORIC MILESTONE

FRANKFURT: 7 October 2025 – The funding levels of defined benefit (DB) pension plans in the US, UK, Germany and Japan reached a historic milestone in 2024, with assets exceeding liabilities on average for the first time. According to the Pension Monitor, this was due to rising discount rates in the wake of higher interest rates worldwide since 2021. The analysis is based on the financial data of listed companies with a total market capitalisation of around €56 trillion. The Pension Monitor is conducted by the Frankfurt School of Finance and Management on behalf of Insight Investment, a leading global institutional asset manager with assets of €727.0 billion.

"In Germany, closing funding gaps remains at the centre of the discussion," explains Professor Dr Olaf Stotz from the Frankfurt School of Finance & Management. "In contrast to the US and the UK, where statutory minimum funding levels are prescribed, the German system also allows for unfunded pension obligations. The significant increase in funding levels from below 75% in 2020 to an average of 90% in 2024 is therefore remarkable, even though Germany still lags behind the United Kingdom and the United States, which already report surpluses. It is also striking that German companies have so far hardly reduced their equity allocations – unlike in the US and the UK, where asset allocation has increasingly shifted to bonds and alternative investments in order to manage risks in a targeted manner. With improved funding ratios, German and Japanese companies could also further reduce their equity allocations in favour of lower-risk investments in the future."

"The ability of German companies to offset interest rate risks by specifically matching plan assets and liabilities has improved significantly in recent years," comments Alexander Kleinkauf, Co-Head of Distribution Germany & Austria at Insight Investment. "While only around 50% of liabilities were hedged against interest rate changes in the 2010s, this figure is already close to 80% in the 2020s. This means that the risk profile of German pension plans is now significantly more robust against interest rate movements. In addition, cash flow-oriented strategies are gaining in importance: these involve the targeted selection of assets, usually high-quality bonds, that deliver predictable cash flows and can thus reliably service ongoing obligations."

Ends

NOTES FOR EDITORS

The Pension Monitor is an ongoing pension study by Professor Dr Olaf Stotz of the Frankfurt School of Finance and Management in collaboration with Insight Investment. It takes into account the balance sheets of companies with high defined benefit pension obligations that make up the major stock indices in four countries. The S&P 500 Index in the US, the FTSE 100 Index in the UK, the Nikkei 225 Index in Japan and the Dax 40 Index in Germany. At the end of 2024, the total market value of these companies was approximately €56 trillion, representing around 50% of the global stock market2 and forming a "world" aggregate. The data covers the period from 2010 to 2024, with all indicators being value-weighted and sourced from Bloomberg. The analysis focuses on how the DB pension funding positions of individual countries and the weighted "world" aggregate have developed between 2010 and 2024. It examines some of the driving factors and consequences of changes in key metrics for DB schemes. These include indicators such as funding ratios, hedge beta, remuneration trends, shifts in asset allocation, scheme duration, pension expenses and employer contributions.

About Insight Investment

Insight Investment is a leading global asset manager founded in 2002. Insight manages funds for a wide range of investors, including pension funds, and helps them achieve their goals with greater certainty. It does this through liability-driven investments, fixed-income, currency and multi-asset strategies. Insight Investment is a subsidiary of The Bank of New York Mellon Corporation. www.insightinvestment.com

Contact

Jonathan Hodgkinson
+44 (0)20 7321 1900
jonathan.hodgkinson@insightinvestment.com

Lisa McHugh
+44 (0)20 7321 144
lisa.mchugh@insightinvestment.com

[1] As at 30 June 2025. Assets under management (AUM) represent the value of liquid securities and other economic risks managed on behalf of clients. Where defined in the methodology, reporting on assets focuses exclusively on liquid securities. Figures are in euros. Exchange rates are based on WM Reuters 4pm spot rates. Corresponds to the AUM of Insight, the corporate brand for certain companies operated by Insight Investment Management Limited (IIML). Insight includes, among others, Insight Investment Management (Global) Limited (IIMG), Insight Investment International Limited (IIIL), Insight Investment Management (Europe) Limited (IIMEL) and Insight North America LLC (INA), each of which provides asset management services.

For clients and prospective clients of Insight Investment Management (Europe) Limited: Published by Insight Investment Management (Europe) Limited. Registered office: Riverside Two, 43-49 Sir John Rogerson's Quay, Dublin, D02 KV60. Registered in Ireland. Registration number 581405. Insight Investment Management (Europe) Limited is regulated by the Central Bank of Ireland. CBI reference number C154503.