



# Retirement

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## U.S. Corporate DB Pension Plans — Today's Challenges

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This article, coauthored by asset-liability-management pioneer Marty Leibowitz of Morgan Stanley and Antti Ilmanen of AQR Capital Management, analyses the many challenges U.S. corporate sponsors face when making decisions about their defined benefit (DB) pension plans.

The authors first examine why corporate sponsors may have closed their DB plans, despite their many benefits. The rising size of pension obligations, challenging market developments (particularly the trend decline in bond yields), and accounting and regulatory changes have combined to make DB plans' funding status more volatile and problematic.

Leibowitz and Ilmanen then discuss challenges and best practices for underfunded plans when the plans' managers make their asset class-allocation, duration-matching and contribution decisions.

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