



PENSION PLAN OBLIGATIONS:

Analysis of funding levels and shortfalls
among the S&P 500.

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EXECUTIVE SUMMARY

The number of companies offering defined-benefit pension plans has been dwindling for years, but hundreds of large firms do still offer such plans to employees — and, consequently, those companies assume considerable financial obligations to keep those plans funded for future payouts.

It's also no secret that many corporate pension plans aren't fully funded today to meet those future obligations due tomorrow. The plans don't need to be fully funded for future demands; firms are allowed to make assumptions about future growth in investments that, in theory, will assure the pension plan can meet its obligations over time.

Given today's market turmoil, however, Calcbench decided to review the current funding of pension plans among S&P firms that do still offer them. We included both obligations and assets for pension plans as well as Other Post-Employee Benefits (OPEB) in our totals. Among our findings:

- Of 292 firms in the S&P 500 that we identified as offering pension plans, **only 40 were fully funded** as of Dec. 31, 2019. The other 252 firms were under-funded.
- Among the 252 firms with under-funded plans, their total obligations were \$1.95 trillion while total assets were only \$1.55 trillion — **a gap of \$394 billion**, or 25.3 percent.
- The largest funding gap in dollar terms was a \$27.7 billion shortfall at General Electric (\$GE).
- The largest funding gap in percentage terms was at Omnicom Group (\$OMC), which has \$293.5 billion in pension obligations but only \$64.3 billion in assets — a shortfall of 78 percent.
- Only a handful of firms were severely under-funded. 78 firms were under-funded by 0 to 10 percent, and another 63 firms were under-funded by 10 to 20 percent.
- For firms with the largest pension plan gaps in absolute dollars (which includes some of the biggest blue chip names on Wall Street), those gaps can be a significant portion of the firm's market cap. For three firms, their pension plan gaps equal more than half their market cap as of mid-April.

THE 10 MOST UNDERFUNDED PLANS BY PERCENTAGE (all dollar amounts in millions)

Firm	Ticker	Projected Obligations	Plan Assets	Funding Level
Omnicom Group	OMC	\$293.50	\$64.30	-78.1%
Pentair	PNR	\$126.70	\$31.00	-75.5%
NXP Semiconductors	NXPI	\$665.00	\$203.00	-69.5%
Dentsply Sirona	XRAY	\$578.20	\$185.10	-68.0%
LKQ Corp.	LKQ	\$225.39	\$83.31	-63.0%
Reinsurance Group of America	RGA	\$307.00	\$133.00	-56.7%
Aptiv Corp.	APTIV	\$911.00	\$403.00	-55.8%
Mylan	MYL	\$708.50	\$315.70	-55.4%
Gartner Group	IT	\$52.50	\$23.44	-55.3%
Occidental Petroleum	OXY	\$3,529.00	\$1,639.00	-53.6%

THE 10 MOST UNDERFUNDED PLANS BY DOLLARS (all dollar amounts in millions)

Company	Ticker	Projected Obligations	Plan Assets	Deficit
General Electric	GE	\$99,837.00	\$72,064.00	-\$27,773.00
Exxon Mobil	XOM	\$58,990.00	\$36,977.00	-\$22,013.00
Boeing	BA	\$82,725.00	\$61,860.00	-\$20,865.00
AT&T	T	\$75,914.00	\$57,675.00	-\$18,239.00
General Motors	GM	\$92,386.00	\$74,200.00	-\$18,186.00
Verizon	VZ	\$36,917.00	\$20,194.00	-\$16,723.00
Lockheed Martin	LMT	\$50,900.00	\$37,331.00	-\$13,569.00
Ford Motor Co.	F	\$87,117.00	\$74,211.00	-\$12,906.00
IBM	IBM	\$103,261.00	\$92,171.00	-\$11,090.00
UPS	UPS	\$58,561.00	\$47,767.00	-\$10,794.00

Firms with the largest gaps in percentage terms cut across a range of industries, from advertising and marketing (Omnicom) to services (Gartner Group) to manufacturing (Dentsply Sirona, Pentair) and other sectors. They also tend to be smaller in size.

Firms with the largest pension plan gaps in dollar terms are among the biggest, most blue-chip names in Corporate America. Their obligations and deficits are also far larger.

PENSION DEFICITS AS PERCENTAGE OF MARKET CAP

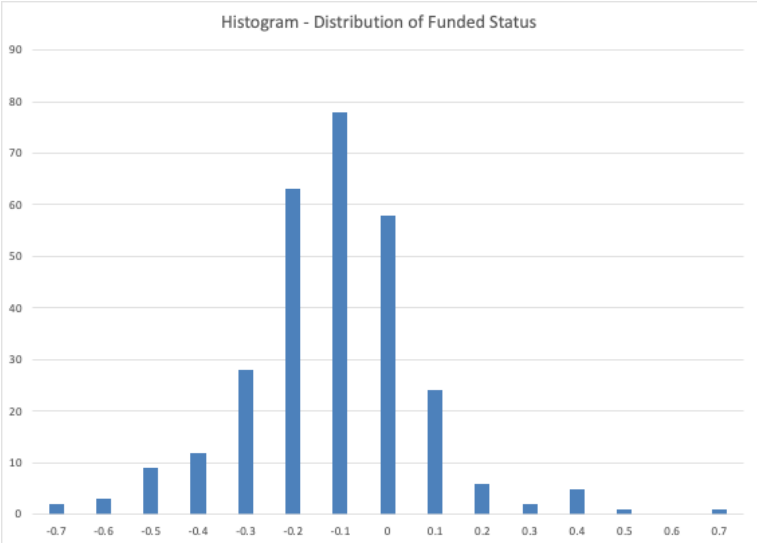
We then took the firms listed above, and expressed their pension plan shortfalls as a percentage of market cap as of April 21. The 10 firms with the largest percentages are below.

Company	Ticker	Deficit	Market Cap	Percentage
Ford Motor Co.	F	\$12,906,000,000	\$18,730,000,000	68.91%
General Motors	GM	\$18,186,000,000	\$30,720,000,000	59.20%
Delta Airlines	DAL	\$8,126,000,000	\$14,770,000,000	55.02%
General Electric	GE	\$27,773,000,000	\$57,030,000,000	48.70%
Dow Chemical	DOW	\$9,256,000,000	\$22,620,000,000	40.92%
Boeing	BA	\$20,865,000,000	\$77,850,000,000	26.80%
Occidental Petroleum	OXY	\$1,890,000,000	\$10,710,000,000	17.65%
UPS	UPS	\$10,794,000,000	\$70,850,000,000	15.24%
Lockheed Martin	LMT	\$13,569,000,000	\$106,850,000,000	12.70%
Exxon Mobil	XOM	\$22,013,000,000	\$174,090,000,000	12.64%

This metric is useful to know because it's one way to measure how vulnerable the company's future value (that is, market cap) is to the pension plan obligations the company has.

HISTOGRAM OF FUNDING LEVELS

When plan funding levels are displayed as a histogram, it becomes clear that most under-funded plans are not severely so. Fifty-eight percent of under-funded firms (141 of 242) are under-funded by 20 percent or less.



CALCBENCH HAS MORE DATA

Calcbench has detailed pension data on all 292 firms mentioned here, plus data from all other firms that report pension plan obligations and assets. The data points we track for public filers include:

- Actual return on plan assets
- Contributions by employer
- Direct benefits paid
- Expected future benefit payments
- Benefit obligation discount rate (minimum and maximum rates)
- And dozens more

If you want to see more or learn more about how Calcbench can help with your financial analysis needs, contact us at info@calcbench.com.

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About Calcbench

Calcbench is changing the way sophisticated financial analysts and researchers access and analyze data. Founded in 2011 by Pranav Ghai and Alex Rapp, two former analysts, the company uses the latest technology to offer instant access to more than 500 million data points from 12,000+ U.S. corporate entities. The company brings usability to the hard to find information embedded in the footnotes and maximizes your productivity. Calcbench is the market-leading interactive, financial data platform powered by XBRL. All information in the company's database is unfiltered and traceable back to its original source. Visit www.calcbench.com.

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