

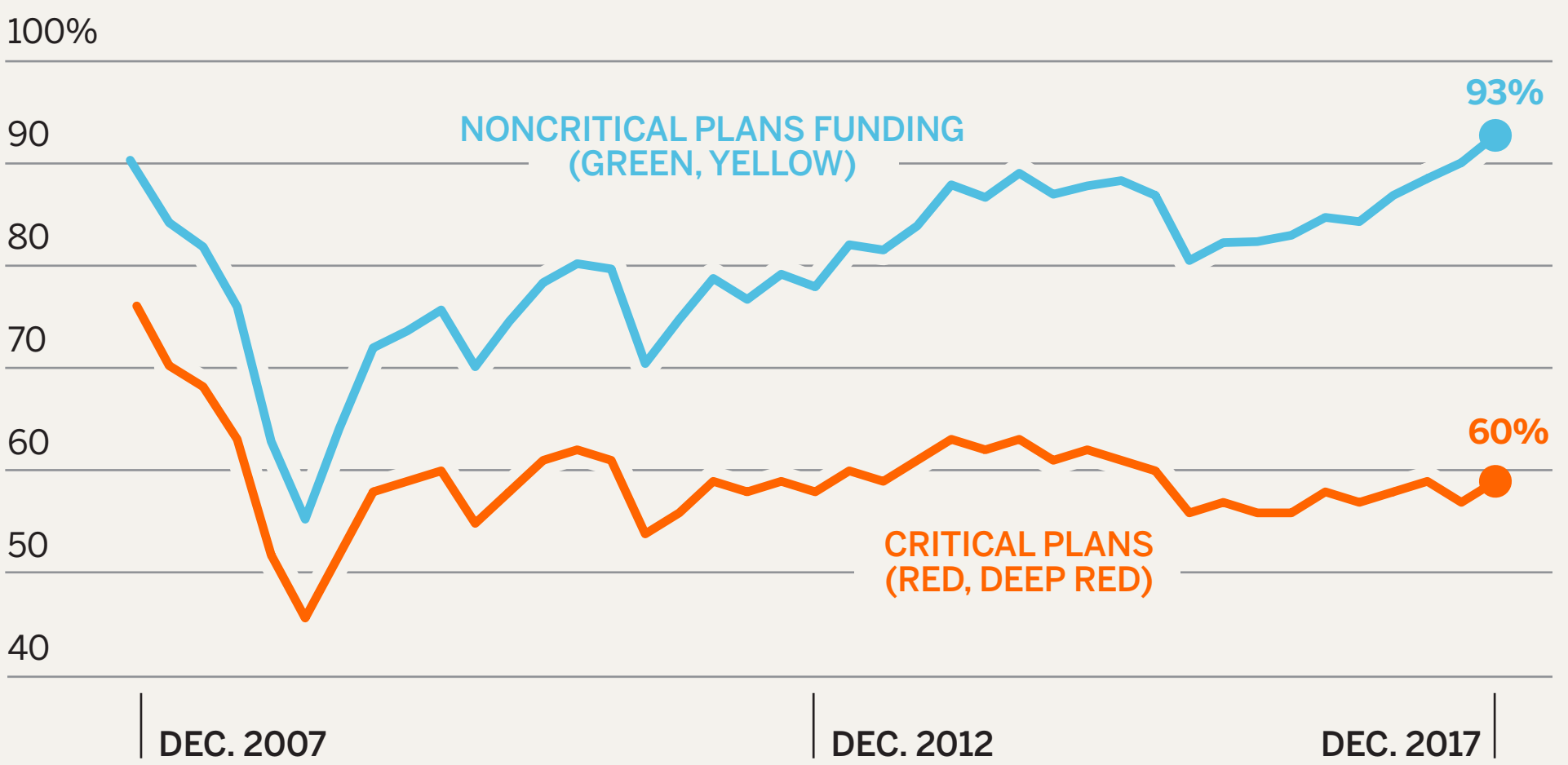
What does the multiemployer pension funding crisis look like?

Stellar investment returns were the primary driver of multiemployer pension funding gains in 2017. Critical plans, however, were unable to capitalize on the strong investment returns due to the cash flow demands that hit less-healthy plans. The result: while noncritical plans have largely recovered from the global financial crisis, critical plans have not.



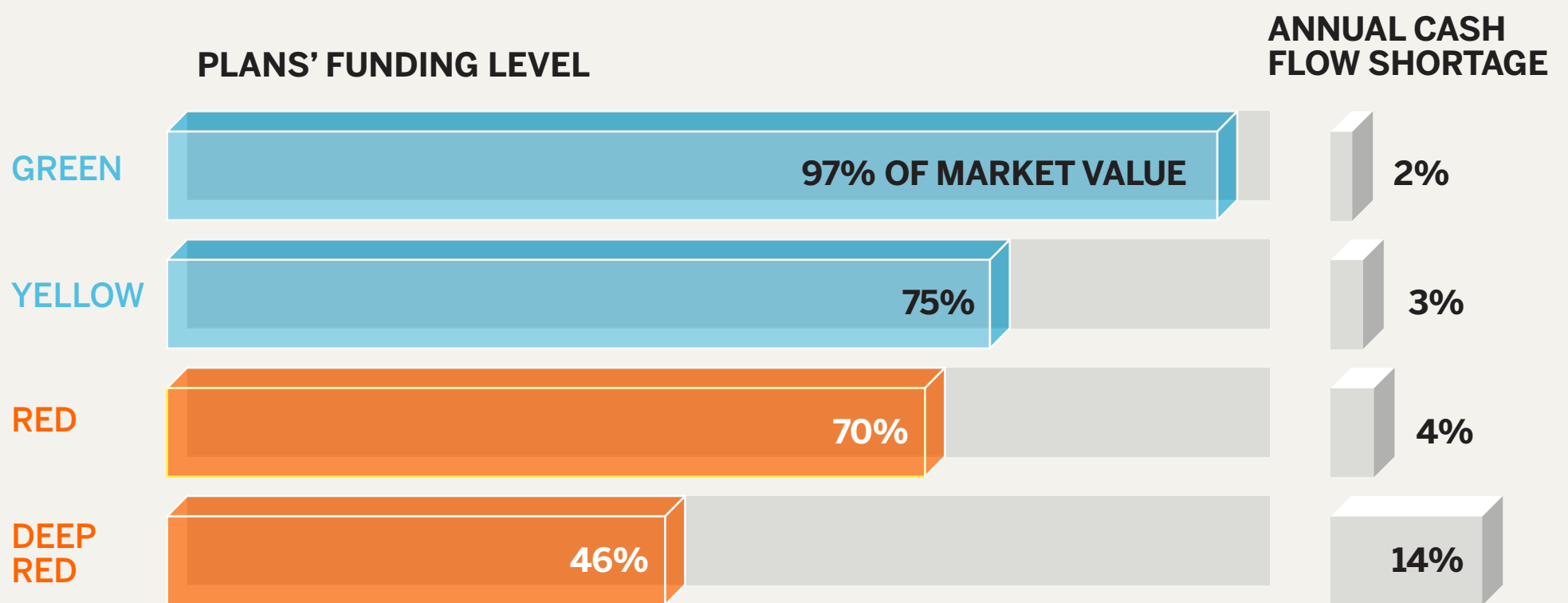
GAP BETWEEN CRITICAL VS. NONCRITICAL PLANS WIDENS

The \$7 billion shortfall difference between critical and noncritical plans has grown to \$44 billion in the past 10 years.



CRITICAL PLANS HAVE LARGER ANNUAL CASH FLOW SHORTAGES

As a plan matures, contributions become relatively small compared to the size of the plan's assets and liabilities. For underfunded plans, this puts more pressure on investment performance because annual cash flow shortages deplete assets needed for good investment returns.



SHORTAGES FOR CRITICAL PLANS EXPECTED TO GROW

This chart shows the pensions' funding shortages as gaps. The colored areas represent the annual assets available after benefit accruals and expenses have been covered.

