

PRESS RELEASE: US pension plans set to increase spending on scenario modeling, says new survey

- *Two-thirds (66%) of pension plans will increase their budget for scenario modeling over the next two years*
- *Less than a third (30%) say the plan they work for is already very effective at scenario modeling and stress-testing, Ortec Finance survey found*

US pension plans see room for improvement on their current scenario and risk modeling activities. On one hand, the majority of US pension plans surveyed report they will increase their budget for and focus on scenario modeling and stress-testing over the next two years. And on the other hand, less than one in three reported that their plan is currently very effective on scenario modeling and stress testing, according to a new global online survey* from Ortec Finance, a leading global provider of risk and return management solutions for pension funds. The survey targeted senior executives whose plans collectively manage \$670.4 billion in assets.

Two-thirds (66%) of those surveyed say the pension plan they work for will increase their budget for and focus on scenario modeling, asset-liability management, and stress testing over the next two years. That includes 18% planning to increase their budget and focus dramatically. A further 26% say their budget and focus in this area will stay the same as it is today, and only 8% say this will decrease over the next two years.

Moreover, less than a third (30%) of US pension plan managers surveyed say the plan they work for is already very effective at scenario modeling and stress-testing. Around two thirds (68%) say the plan they work for is quite effective and 2% say it's not very effective. The majority of senior executives therefore see room for improvement.

More than two out of five (42%) pension plans outsource their asset-liability management (ALM) studies, and an additional 50% say they partially outsource this but do some of the work in-house. Only 6% say that they don't outsource ALM studies and 2% did not express a view. Part of the reason behind this is likely to be due to only around one in eight (12%) rating the quality of its inhouse ALM monitoring capabilities as excellent. More than half (56%) rate it as good, while a third (32%) rate it as average.

Richard Boyce, Managing Director North America at Ortec Finance understands these survey results in light of current market uncertainty. He says, "Our clients are confident that using scenario analysis as a part of their workflow allows them to uncover risks, find new opportunities, and navigate uncertainty. With increased market and geopolitical uncertainty, we believe scenario modeling is one of the best methods for supporting pension funds looking to navigate these unknown waters.

“It’s promising to see that the US pension plan managers surveyed plan to increase their budget set aside for stress-testing and scenario modeling because we see those who do benefit as scenario modeling can leave managers better prepared to make decisions in light of increased uncertainty.”

Ortec Finance provides solutions for pension plans to help address issues including liquidity concerns, low yields, complex liabilities, increasing investment performance analysis demands, and climate change related risks and opportunities.

For more information on its software and services go to [Pension Funds | Ortec Finance](#)

-Ends-

Notes to editors:

* Independent research company PureProfile surveyed 50 senior pension fund executives in the US across public, corporate, endowment and Taft-Hartley multi-employer pension plans managing around \$670.4 billion worth of assets. The survey was conducted during November 2024.

For more information, contact:

Phil Anderson, Perception A.
phil@perceptiona.com / +44 7767 491 519

About Ortec Finance

[Ortec Finance](#) is the leading provider of technology and solutions for risk and return management. It is Ortec Finance’s purpose to enable people to manage the complexity of investment decisions.

This is accomplished via the delivery of leading technologies and solutions for investment decision-making to financial and real estate institutions around the world. Ortec Finance’s strength lies in an effective combination of advanced models, innovative technology, and in-depth market knowledge. This combination of skills and expertise supports investment professionals in achieving a better risk-return ratio and thus better results.

Headquartered in Rotterdam, The Netherlands, Ortec Finance has offices in Amsterdam, London, Zurich, New York, Toronto, Singapore, and Melbourne. Ortec Finance helps 600+ clients manage their \$15 trillion assets under management.