ABSTRACT

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Title: The Defined-Benefit Pension Plan in Corporate America: An Analysis of
                   Utilization and Funded Status

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The present study examined the utilization of the defined-benefit pension plan within corporate America. As companies are increasingly using the defined-contribution plan, fewer organizations are using the defined-benefit pension plan. This research helps to assess the pension plans of corporations, as well as the funded status of these plans. The final sample included publicly traded corporations located in the United States and Canada with projected benefit obligations (PBO), specifically analyzing the organizations with the 100 largest PBOs. The financial data was used to calculate the Z-Score of each company, a measure that depicts the likelihood that a company enters bankruptcy. Then, the data were input into SPSS to determine if there was any connection between the Z-Score and the funded status of companies' pension plans. The initial sample screening showed that 1,247 companies still use the defined-benefit pension plan, highlighting that the defined-benefit pension plan is still present in corporate America, and a considerable number of organizations still use this plan for their employees' retirement. Also, the average difference between PBO and PA of the sample was positive, indicating that more companies had underfunded pension plans. Finally, the data analysis showed that there is a correlation between the funded status of the plans. Specifically, companies in better financial standing may have had less funded pension plans. Overall, the study showed that while companies across the United States and Canada still use the defined-benefit pension plan, these plans are typically considerably underfunded, which may be indicated by the companies' financial condition.