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FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Corporate pension funded status continues to climb, hits 104.9% at end of February

Rising discount rates offset bond underperformance for Milliman 100 PFI plans

SEATTLE – MARCH 8, 2024 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its latest Milliman 100 Pension Funding Index (PFI), which analyzes the 100 largest U.S. corporate pension plans.

During February, the Milliman 100 PFI funded ratio rose from 102.8% at the end of January to 104.9% as of February 29. A second straight month of rising discount rates—which increased in February by 21 basis points, to 5.35%—drove the improvement and reduced plan liabilities by \$30 billion. This helped to offset the plans' February investment performance. Market declines, primarily in fixed income, led to nearly flat monthly returns of 0.12% and caused the market value of PFI plan assets to fall \$4 billion to \$1.349 trillion at the end of February.

“After discount rates dropped significantly at the end of 2023, the past two months of rising rates and corresponding funded status gains have added to the PFI plans' funding surplus,” said Zorast Wadia, author of the PFI. “However, with expectations of rate cuts later in the year, it's possible these gains may be short-lived unless plan sponsors adhere to matching asset-liability strategies to control rate volatility.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 5.85% by the end of 2024 and 6.45% by the end of 2025) and asset gains (9.8% annual returns), the funded ratio would climb to 116% by the end of 2024 and 130% by the end of 2025. Under a pessimistic forecast (4.85% discount rate at the end of 2024 and 4.25% by the end of 2025 and 1.8% annual returns), the funded ratio would decline to 97% by the end of 2024 and 88% by the end of 2025.

To view the complete Pension Funding Index, go to www.milliman.com/pfi. To see Milliman's full range of annual Pension Funding Studies, go to <https://www.milliman.com/en/retirement-and-benefits/pension-funding-studies>. To receive regular updates of Milliman's pension funding analysis, contact us at pensionfunding@milliman.com.

About Milliman

Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe. For further information, visit milliman.com.

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