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FOR IMMEDIATE RELEASE

Press Release

## **Milliman analysis: Rise in interest rates boosts corporate pensions' funded status by \$38 billion in September**

**Milliman 100 PFI funded ratio increases to 85.4%**

SEATTLE – OCTOBER 7, 2019 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its latest Pension Funding Index (PFI), which analyzes the 100 largest U.S. corporate pension plans. In September, the PFI deficit fell to \$269 billion primarily due to an increase in the benchmark corporate bond interest rates used to value pension liabilities. The monthly discount rate for these pensions climbed 14 basis points, from 2.95% in August to 3.09% for September – an improvement, but still the second-lowest discount rate recorded in the 19-year history of the Milliman 100 PFI. With asset returns flat for the month, September's funded status for the Milliman PFI improved by \$38 billion, while the funded ratio for these plans rose slightly, from 83.8% to 85.4%.

"While September was overall positive for corporate pensions, we're not out of the abyss created by the historically low discount rates in Q3," said Zorast Wadia, co-author of the Milliman 100 PFI. "In fact, over the past twelve months, discount rates have fallen by over 100 basis points. While asset returns may provide some relief, Q4 will turn out to be bleak for pensions if interest rates don't improve."

Looking forward, under an optimistic forecast with rising interest rates (reaching 3.24% by the end of 2019 and 3.84% by the end of 2020) and asset gains (10.6% annual returns), the funded ratio would climb to 89% by the end of 2019 and 104% by the end of 2020. Under a pessimistic forecast (2.94% discount rate at the end of 2019 and 2.34% by the end of 2020 and 2.6% annual returns), the funded ratio would decline to 84% by the end of 2019 and 77% by the end of 2020.

To view the complete Pension Funding Index, go to <http://us.milliman.com/PFI>. To see the 2019 Milliman Pension Funding Study, go to <http://us.milliman.com/PFS/>. To receive regular updates of Milliman's pension funding analysis, contact us at [pensionfunding@milliman.com](mailto: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](http://milliman.com).

### **About the Milliman Pension Funding Study**

For the past 19 years, Milliman has conducted an annual study of the 100 largest defined benefit pension plans sponsored by U.S. public companies. The results of the Milliman 2019 Pension Funding Study are



based on the pension plan accounting information disclosed in the footnotes to the companies' annual reports for the 2018 fiscal year and for previous fiscal years. These figures represent the GAAP accounting information that public companies are required to report under Financial Accounting Standards Board Accounting Standards Codification Subtopics 715-20, 715-30, and 715-60. In addition to providing the financial information on the funded status of their U.S. qualified pension plans, the footnotes may also include figures for the companies' nonqualified and foreign plans, both of which are often unfunded or subject to different funding standards from those for U.S. qualified pension plans. The information, data, and footnotes do not represent the funded status of the companies' U.S. qualified pension plans under ERISA.

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