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Press Release

Milliman analysis: Corporate pension funded status sees largest improvement of 2016, gaining \$71 billion in November

Deficit falls by \$117 billion since August as funded ratio increases to 80.3%

Seattle – December 8th, 2016 – 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 November, the funded status for these pension plans experienced its largest increase of the year, improving by \$71 billion, primarily due to interest rate gains that reduced the deficit for the Milliman 100 plans to \$340 billion. The funded ratio for these plans climbed sharply, increasing three percentage points from 77.2% to 80.3%.

“While plan sponsors are pleased with the third straight month of funded status improvement, all eyes are on interest rates as we near the December 30th measurement date,” said Zorast Wadia, co-author of the Milliman 100 PFI, “Discount rates have climbed 66 basis points since their record low in August, now the question is whether we’ll see interest rates climb above 4% by year’s end.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 4.63% by the end of 2017 and 5.23% by the end of 2018) and asset gains (11.2% annual returns), the funded ratio would climb to 93% by the end of 2017 and 106% by the end of 2018. Under a pessimistic forecast (3.33% discount rate at the end of 2017 and 2.73% by the end of 2018 and 3.2% annual returns), the funded ratio would decline to 73% by the end of 2017 and 66% by the end of 2018.

To view the complete Pension Funding Index, go to <http://us.milliman.com/PFI>. To see the 2016 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.

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.



About the Milliman Pension Funding Study

For the past 16 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 2016 Pension Funding Study are based on the pension plan accounting information disclosed in the footnotes to the companies' annual reports for the 2015 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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