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FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Corporate pensions' \$61 billion funded status gain in January may cushion early February market slide

Milliman 100 PFI funded ratio rises to 87.2% in January

SEATTLE – FEBRUARY 13, 2018 – 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. While market movement in February may dampen January's gains, during the first month of 2018 corporate pensions' experienced their largest funded status improvement in over a year.

According to Milliman's analysis, these plans experienced a funding status increase of \$61 billion in January, and saw their funded ratio rise from 84.1% at the end of December to 87.2% as of January 31. The improvement is the result of investment gains due to strong market performance and a reduction in liabilities (due to an increase in the benchmark corporate bond interest rates used to value pension liabilities).

"January's stellar funding gains may help to cushion the effect of the current market slide witnessed in February thus far for these pensions," said Zorast Wadia, co-author of the Milliman 100 PFI. "It will be interesting to see if the recent volatility paired with U.S. tax reform changes incentivize plan sponsors to pursue funding and de-risking strategies more aggressively than they have in the past."

Looking forward, under an optimistic forecast with rising interest rates (reaching 4.29% by the end of 2018 and 4.89% by the end of 2019) and asset gains (11.0% annual returns), the funded ratio would climb to 99% by the end of 2018 and 115% by the end of 2019. Under a pessimistic forecast (3.19% discount rate at the end of 2018 and 2.59% by the end of 2019 and 3.0% annual returns), the funded ratio would decline to 81% by the end of 2018 and 74% by the end of 2019.

To view the complete Pension Funding Index, go to <http://us.milliman.com/PFI>. To see the 2017 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 17 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 2017 Pension Funding Study are based on the pension plan accounting information disclosed in the footnotes to the companies' annual reports for the 2016 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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