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Press Release

Milliman: Public pension funding improves by \$60 billion, funded ratio climbs to 73.1% in 2017 Q4

Five more Milliman 100 PPFi plans cross 90% funded mark, bringing total to 21 in Q4

SEATTLE – FEBRUARY 23, 2018 – Milliman, Inc., a premier global consulting and actuarial firm, today released the 2017 fourth quarter results of its Public Pension Funding Index (PPFI), which consists of the nation's 100 largest public defined benefit pension plans. In Q4, these plans experienced a \$60 billion improvement in funded status, the result of the continued robust trend in equity returns in 2017. In aggregate, these plans saw investment returns of 3.24%, with a spread ranging from a low of 1.55% to a high of 4.32%. The funded ratio of the Milliman 100 PPFi climbed from 71.6% at the end of September to 73.1% as of December 31. The fourth quarter's stellar investment returns helped propel five more public pensions across the 90% funded mark, bringing the total to 21 plans – over one-fifth of the PPFi – that have crossed that significant threshold.

"While a lot of media attention has been paid to the recent market volatility in early February, it's not a reason to panic when it comes to public pensions," said Becky Sielman, author of the Milliman 100 Public Pension Funding Index. "Equity gains and losses are typically smoothed out over a number of years when calculating pension funding, making short-term market volatility less of a concern on funding than, say, interest rate assumptions – which carry greater long-term implications for these pensions."

The Milliman 100 PPFi total pension liability (TPL) increased from \$4.908 trillion at the end of 2017 Q3 to an estimated \$4.947 trillion at the end of Q4. The TPL is expected to grow modestly over time as interest on the TPL and the accrual of new benefits outpaces the benefits paid to retirees. Asset values for these plans have increased from \$3.517 trillion to \$3.615 trillion during the same time period; and while investments brought in approximately \$126 billion, the plans collectively paid out approximately \$28 billion more in benefits than they took in from contributions.

To view the Milliman 100 Public Pension Funding Index, go to <http://www.milliman.com/ppfi/>. 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 Public Pension Funding Index



For the past six years, Milliman has conducted an annual study of the 100 largest defined benefit plans sponsored by government jurisdictions in the U.S. The Milliman 100 Public Pension Funding Index projects the funded status for pension plans included in our study, reflecting the impact of actual market returns, utilizing the actual reported asset values, liabilities, and asset allocations of the pension plans. The results of the Milliman 100 Public Pension Funding Index are based on the pension plan financial reporting information disclosed in the plan sponsors' Comprehensive Annual Financial Reports, which reflect measurement dates ranging from June 30, 2015, to December 31, 2016. This information was summarized as part of the Milliman 2017 Public Pension Funding Study, which was published on October 5, 2017.

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