



Contact: Zorast Wadia
Milliman, Inc.
Tel: 646.473.3315
zorast.wadia@milliman.com

FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Corporate pension contributions reach record-level in 2017, funding status improved to 86.0%

Seventeen employers contributed \$1 billion-plus to pensions in 2017

SEATTLE – APRIL 19, 2018 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its 2018 Corporate Pension Funding Study (PFS), which analyzes the 100 largest U.S. corporate pension plans. Overall, this year's study found that in 2017 corporate pension contributions hit \$62 billion, tying the amount contributed in 2012 for the highest contributions since the inception of the PFS. Seventeen employers contributed at least \$1 billion to their plans, with seven of them contributing more than \$2 billion.

"There were incentives to increase contributions in 2017," says Zorast Wadia, co-author of Milliman's Pension Funding Study. "Additional contributions can both reduce the PBGC premiums paid by these plans, and allow them to leverage higher tax deductions in light of tax reform enacted at the end of 2017. It's a trend that's likely to flourish in 2018, as plan sponsors with calendar year plans can continue to leverage those higher 2017 tax deductions with contributions made prior to September 15 of this year."

The funded ratio for the Milliman 100 plans rose from 81.1% in 2016 to 86.0% in 2017, an increase due largely to strong investment returns coupled with a modest decline in life expectancy assumptions, and the higher level of plan contributions as noted above. Funding ratios for plans ranged from a low of 62.4% for American Airlines to a high of 155.0% for NextEra Energy, Inc.

Other key highlights from the 2018 study include:

Analysis of asset gains. Strong investment returns added \$175 billion to the Milliman 100 plans, with a 12.7% rate of return (compared to an expected investment return of 6.8%). Pension assets for the Milliman 100 plans increased to an all-time high of \$1.55 trillion.

Analysis of discount rate and pension liabilities. The median discount rate as of year-end 2017 declined to 3.60%, down 37 basis points from 3.97% the year before. Pension liabilities for the Milliman 100 plans increased to an all-time high of \$1.80 trillion.

Pension Risk Transfer (PRT) market matures. The 2017 PRT activity for the Milliman 100 plans was slightly smaller than in 2016, with an estimated \$12.7 billion in reported dollar volume.

To view the complete 2018 Milliman Corporate Pension Funding Study, go to www.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 Corporate Pension Funding Study

For the past 18 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 2018 Pension Funding Study are based on the pension plan accounting information disclosed in the footnotes to the companies' Form 10-K annual reports for the 2017 fiscal year and for previous fiscal years. These figures represent the Generally Accepted Accounting Principles (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.

#####