



Contact: Becky Sielman
Milliman, Inc.
Tel: +1 860 687 0125
becky.sielman@milliman.com

FOR IMMEDIATE RELEASE

Press Release

Milliman: Lackluster asset performance in Q2 drops public pension funding by \$23 billion

Public pension funded ratio dips slightly to 71.2%

SEATTLE – AUGUST 6, 2018 – Milliman, Inc., a premier global consulting and actuarial firm, today released the 2018 second quarter results of its Public Pension Funding Index (PPFI), which consists of the nation's 100 largest public defined benefit pension plans. In Q2, these plans experienced a \$23 billion loss in funding, largely due to a lackluster asset performance of 0.70% in aggregate. The plans earned approximately \$45 billion for the quarter, below assumed investment returns reflected in liability calculations. This shortfall is exacerbated by \$28 billion flowing out of the plans, as benefits paid out exceeded contributions coming in from employers and plan members. The PPFI funding ratio dipped slightly from 71.4% in Q1 2018 to 71.2% in Q2.

"Without the strong investment performance we saw in 2017, it's difficult for these public pensions to gain ground," said Becky Sielman, author of the Milliman 100 Public Pension Funding Index. "If a plan's benefits paid out exceed contributions coming in, reliance on the market is even more crucial to buttress funding."

As of June 30, 2018, the PPFI deficit stands at \$1.448 trillion, the largest since the index began in September 2016. The total pension liability (TPL) topped the \$5 trillion mark for the first time in Q2, at an estimated \$5.025 trillion at the end of the quarter, up from \$4.985 trillion at the end of Q1. Funded ratios did not move much this quarter, with one more plan dropping below the 90% funded mark; there are now just 14 plans above this mark, 26 plans whose funded ratios fall below 60%, and 11 plans remain below 40% funded.

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.

####