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FOR IMMEDIATE RELEASE

**Press Release**

## **Milliman analysis: Funded ratio for 100 largest U.S. corporate pensions hits 10-year high in September**

**Milliman 100 PFI funded status grows by \$21 billion, funded ratio at 94.5%**

SEATTLE – OCTOBER 12, 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. In September, these pensions experienced a \$21 billion increase in funded status due to an increase in the benchmark corporate bond interest rates used to value pension liabilities. From August 31 to September 30, the monthly discount rate rose 13 basis points, climbing from 4.05% to 4.18%. As a result, the projected benefit obligation (PBO) for these plans decreased by \$27 billion, but was offset by a \$6 billion decrease due to investment losses. As of September 30, the funding ratio for the Milliman 100 PFI was at 94.5%, up from 93.3% the previous month.

“September’s funded ratio marks a 10-year high and is the closest these plans have been to being fully funded since September 2008,” says Zorast Wadia, co-author of the Milliman PFI. “But the improvement is overshadowed by the market losses experienced over the past couple days, which could very well lead to a reversal of these funding gains.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 4.33% by the end of 2018 and 4.93% by the end of 2019) and asset gains (10.8% annual returns), the funded ratio would climb to 98% by the end of 2018 and 114% by the end of 2019. Under a pessimistic forecast (4.03% discount rate at the end of 2018 and 3.43% by the end of 2019 and 2.8% annual returns), the funded ratio would decline to 93% by the end of 2018 and 85% by the end of 2019.

To view the complete Pension Funding Index, go to <http://us.milliman.com/PFI>. To see the 2018 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](mailto: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](http://milliman.com).

### **About the Milliman 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' annual reports for the 2017 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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