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FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Corporate pensions likely to miss 2018 investment return assumptions

Milliman 100 PFI funded status increases by \$7 billion, funded ratio inches up to 93.7% in November

SEATTLE – DECEMBER 10, 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 November, these pensions experienced a \$7 billion increase in funded status resulting from a robust investment gain of 0.72%. This brings the PFI's year-to-date investment performance to a loss of 1.49%, making it likely these plans will miss the expected return assumption for 2018.

"It's looking likely that the Milliman 100 plans will miss their target investment returns for the third time since the financial crisis," says Zorast Wadia, co-author of the Milliman 100 PFI. "On the other hand, interest rates have been rising for most of the year, primarily contributing to the year-to-date funded status improvement of \$121 million. All eyes are now focused on where interest rates will end up at year-end."

Pension plan liabilities improved marginally, by \$1 billion, in November, as the benchmark corporate bond interest rates used to value those liabilities increased one basis point, from 4.40% to 4.41%. The funded ratio of the Milliman 100 PFI increased slightly, from 93.2% at the end of October to 93.7% as of November 30.

Looking forward, under an optimistic forecast with rising interest rates (reaching 5.06% by the end of 2019 and 5.66% by the end of 2020) and asset gains (10.8% annual returns), the funded ratio would climb to 110% by the end of 2019 and 127% by the end of 2020. Under a pessimistic forecast (3.76% discount rate at the end of 2019 and 3.16% by the end of 2020 and 2.8% annual returns), the funded ratio would decline to 87% by the end of 2019 and 80% by the end of 2020.

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.

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 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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