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Press Release

Milliman analysis: Public pension funding tops 80% for first time in over five years

Milliman PPFi deficit falls below \$1 trillion for the first time in study history

SEATTLE – JULY 21, 2021 – Milliman, Inc., a premier global consulting and actuarial firm, today released the second quarter (Q2) 2021 results of its Public Pension Funding Index (PPFI), which consists of the nation's 100 largest public defined benefit pension plans.

For the first time since Milliman began tracking the PPFi in 2016, the funded ratio for these plans has climbed above 80%. Propelled by a strong bull market, Q2 2021 marked the fifth consecutive quarter of high-water marks for both public pension assets and liabilities, with the estimated funded status of the PPFi plans growing from 79.0% at the end of March 2021 to 82.6% at the end of June.

An estimated investment performance of 4.26% for the quarter generated a \$191 billion funded status improvement, while the deficit dropped below \$1 trillion – to \$975 billion – for the first time in our study's history.

“This was a banner quarter for public pensions, though the individual plans in our study saw a range of investment returns – from an estimated 2.54% to 6.75%,” said Becky Sielman, author of Milliman's Public Pension Funding Index. “In the coming months, plan sponsors will begin to understand the extent to which the pandemic has affected liabilities, including higher death rates and the impact of furloughs on benefit accruals, pay levels, and contributions from active members.”

Looking forward, the strong market runup combined with the current low yields on fixed income may also push plan sponsors to continue to lower their interest rate assumptions. For more information and to view the full 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.

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