



Contact: Zorast Wadia
Milliman, Inc.
Tel: +1 646 473 3315
zorast.wadia@milliman.com

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Press Release

Milliman analysis: Corporate pension funded ratio climbs to 97.1% in August

Milliman 100 PFI funded status improves by \$28 billion

SEATTLE – SEPTEMBER 9, 2021 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its latest Milliman 100 Pension Funding Index (PFI), which analyzes the 100 largest U.S. corporate pension plans.

During August, a rise in discount rates combined with asset gains resulted in a \$28 billion funded status improvement. The PFI monthly discount rate climbed from 2.59% in July to 2.65% in August, lowering PFI pension liabilities by \$18 billion, while a 0.90% investment return added \$10 billion to the market value of assets. The funded ratio climbed from 95.7% at the end of July to 97.1% as of August 31.

“August’s improvement reverses a two-month decline in corporate pension funding,” said Zorast Wadia, author of the Milliman 100 PFI. “Zooming out, while asset gains have been above-average for five consecutive months, discount rates have been below 3.00% for all but one of the past 12 months.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 2.85% by the end of 2021 and 3.45% by the end of 2022) and asset gains (10.2% annual returns), the funded ratio would climb to 102% by the end of 2021 and 119% by the end of 2022. Under a pessimistic forecast (2.45% discount rate at the end of 2021 and 1.85% by the end of 2022 and 2.2% annual returns), the funded ratio would decline to 94% by the end of 2021 and 86% by the end of 2022.

To view the complete Pension Funding Index, go to www.milliman.com/pfi. To see Milliman’s full range of annual Pension Funding Studies, go to <https://www.milliman.com/en/retirement-and-benefits/pension-funding-studies>. 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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