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Press Release

Milliman analysis: Corporate pension funding ratio surges to 112.8% in October thanks to rising discount rates

Milliman 100 PFI funded status improves by \$47 billion

SEATTLE – NOVEMBER 4, 2022 – 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 October, the Milliman 100 PFI funded ratio rose from 108.8% on September 30 to 112.8% on October 31, reaching a new high for the year. The change was driven by a 35-basis-point hike in the monthly discount rate. The PFI projected benefit obligation decreased to \$1.266 trillion as the discount rate rose from 5.36% in September to 5.71% for October—the highest rate since March 2010. This increase helped to offset October’s flat investment returns of 0.21%, which lowered the Milliman 100 PFI asset value by \$4 billion.

“Although equity markets saw significant growth in October, the Milliman 100 plans are heavily weighted in fixed income, where rising interest rates dragged on performance,” said Zorast Wadia, co-author of the PFI. “Still, October’s discount rate increase helped the plans achieve their largest monthly funded status gain and their highest funded ratio so far this year.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 5.81% by the end of 2022 and 6.41% by the end of 2023) and asset gains (9.9% annual returns), the funded ratio would climb to 115% by the end of 2022 and 129% by the end of 2023. Under a pessimistic forecast (5.61% discount rate at the end of 2022 and 5.01% by the end of 2023 and 1.9% annual returns), the funded ratio would decline to 111% by the end of 2022 and 101% by the end of 2023.

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

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