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Press Release

Milliman analysis: Corporate pension funded ratio hits 15-year high at 105.2% funded

Milliman 100 PFI plans climb \$86 billion into the black despite investment losses

SEATTLE – APRIL 7, 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.

As of March 31, funding for these plans hit a 15-year high, thanks to discount rates that have climbed 82 basis points over the first quarter of 2022. Between the end of February and March, the funded ratio for the Milliman 100 PFI climbed from 102.5% to 105.2% and the funded status surplus grew from \$43 billion to \$86 billion. March caps off the fourth consecutive month of discount rate increases; the rise in discount rates are driving the funding improvements both in March and for the quarter.

“Corporate pensions are at their highest funded levels since late 2007 despite investment losses of 4.75% in Q1,” said Zorast Wadia, author of the Milliman 100 PFI. “In the next few weeks we’ll be releasing our 2022 Pension Funding Study, which will provide a retrospective look at the accounting information, including de-risking transactions, that were disclosed in the footnotes of the Milliman 100 companies for the 2021 fiscal year. Our annual study will provide a more granular view of corporate pension funding and current asset and liability figures.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 4.07% by the end of 2022 and 4.67% by the end of 2023) and asset gains (10.2% annual returns), the funded ratio would climb to 117% by the end of 2022 and 135% by the end of 2023. Under a pessimistic forecast (3.17% discount rate at the end of 2022 and 2.57% by the end of 2023 and 2.2% annual returns), the funded ratio would decline to 98% by the end of 2022 and 90% 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.

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