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Press Release

Milliman analysis: Corporate pension funding decreases to 104.5% as liability increases outpace investment gains in July

Milliman 100 PFI funded status declines by \$19 billion

SEATTLE – AUGUST 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.

The Milliman 100 PFI funded ratio decreased from 105.9% on June 30, 2022, to 104.5% as of July 31. The funded ratio decline was driven by a 34-basis point drop in the monthly discount rate. The PFI projected benefit obligation (PBO) increased by \$57 billion as discount rates dropped from 4.59% to 4.25% for the month.

“We saw discount rates decline in July for the first time in 2022, though they’re still up 145 basis points for the year,” said Zorast Wadia, co-author of the PFI. “Despite the \$19 billion decrease in funded status, these plans are still well above the 100% funded mark for the sixth month in a row.”

The Milliman 100 PFI market value of assets increased by \$39 billion because of July’s stellar 2.98% investment gain, which was the largest in 2022 to date. The PFI asset value improved to \$1.565 trillion as of July 31, 2022.

Looking forward, under an optimistic forecast with rising interest rates (reaching 4.50% by the end of 2022 and 5.10% by the end of 2023) and asset gains (9.9% annual returns), the funded ratio would climb to 110% by the end of 2022 and 125% by the end of 2023. Under a pessimistic forecast (4.00% discount rate at the end of 2022 and 3.40% by the end of 2023 and 1.9% annual returns), the funded ratio would decline to 101% by the end of 2022 and 91% 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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