



Contact: Jake Pringle
Milliman, Inc.
Tel: +1 713 202 0819
jake.pringle@milliman.com

FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Competitive pension risk transfer costs rose again in September, to 101.1% of accounting liabilities

Competitive bidding process continues to save about 2.4% of buyout costs as of September 30

SEATTLE – OCTOBER 26, 2023 – Milliman, Inc., a premier global consulting and actuarial firm, today announced the latest results of its Milliman Pension Buyout Index (MPBI). As the pension risk transfer (PRT) market continues to grow, it has become increasingly important to monitor the annuity market for plan sponsors that are considering transferring retiree pension obligations to an insurer.

During September, the estimated cost to transfer retiree pension risk to an insurer in a competitive bidding process increased from 100.5% of a plan's accounting liabilities (accumulated benefit obligation, or ABO) to 101.1% of those liabilities. That means the estimated retiree PRT cost is now 101.1% of a plan's ABO. During the same period, the average annuity purchase cost across all insurers in our index also rose 60 basis points, from 102.9% to 103.5%. The competitive bidding process is still estimated to save plan sponsors about 2.4% of PRT costs as of September 30, the same savings noted at the end of August.

"Although interest rates climbed during September, retiree buyout costs failed to keep pace, rising to their highest levels in 2023," said Jake Pringle, a Milliman principal and co-author of the MPBI. "Despite the slight increase in costs, many plan sponsors have PRT on their agenda, so we should expect to see continued heavy volume to close out the year."

The MPBI uses the FTSE Above Median AA Curve, along with annuity purchase composite interest rates from nine insurers, to estimate the competitive and average costs of a PRT annuity de-risking strategy. Individual plan annuity buyouts can vary based on plan size, complexity, and competitive landscape.

To view the complete Milliman Pension Buyout Index, go to <https://www.milliman.com/mpbi>. To receive regular updates with Milliman's pension buyout analysis, contact us at pensionbuyout@milliman.com.

About Milliman

Milliman is among the world's largest providers of actuarial, risk management, and technology solutions. Our consulting and advanced analytics capabilities encompass 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. Visit us at Milliman.com.

###