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FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Rising discount rates lift corporate pension funding status for second straight month in October

Milliman 100 PFI funded ratio climbs to year's high of 104.2% despite more market losses

SEATTLE – NOVEMBER 6, 2023 – 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 funding ratio rose from 103.6% at the end of September to 104.2% as of October 31. Another sizeable jump in discount rates—this month of 36 basis points, from 5.84% in September to 6.2% in October—contributed to the improvement and helped to offset October's -2.68% investment returns, the third straight month of losses. PFI plan assets declined by \$40 billion in market value, to \$1.229 trillion in October, while their funded status surplus increased to \$50 billion.

"October marked a new funding ratio high for the year," said Zorast Wadia, author of the PFI. "While plan assets fell for the third consecutive month, discount rates rose yet again, this time breaching the 6% threshold. In fact, discount rates have increased by 100 basis points over the last four months and haven't been this high since May 2009, making this a very favorable economic environment for plan sponsors."

Looking forward, under an optimistic forecast with rising interest rates (reaching 6.3% by the end of 2023 and 6.9% by the end of 2024) and asset gains (9.8% annual returns), the funded ratio would climb to 106.0% by the end of 2023 and 118.0% by the end of 2024. Under a pessimistic forecast (6.1% discount rate at the end of 2023 and 5.5% by the end of 2024 and 1.8% annual returns), the funded ratio would decline to 103.0% by the end of 2023 and 93.0% by the end of 2024.

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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