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Press Release

Milliman analysis: Corporate pension funding ratio falls for second straight month despite investment gains in April

Milliman 100 PFI funded status declines to 99.5%, moving from surplus to deficit

SEATTLE – MAY 8, 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 April, the Milliman 100 PFI funding ratio fell from 100.1% at the end of March to 99.5% as of April 30. The decline was due to an eight-basis-point drop in the monthly discount rate, from 5.00% in March to 4.92% for April. This caused the PFI projected benefit obligation to rise by \$10 billion in April, to \$1.361 trillion. This result was only partly offset by a moderate investment gain of 0.62% for the month, which boosted the market value of plan assets by \$2 billion.

"In spite of the year-to-date investment gains, funded status has worsened since the beginning of the year due to a net decrease in discount rates," said Zorast Wadia, co-author of the PFI. "This performance has resulted in the plans moving from a funding surplus to a funding deficit by the end of April."

Looking forward, under an optimistic forecast with rising interest rates (reaching 5.32% by the end of 2023 and 5.92% by the end of 2024) and asset gains (9.8% annual returns), the funded ratio would climb to 108% by the end of 2023 and 121% by the end of 2024. Under a pessimistic forecast (4.52% discount rate at the end of 2023 and 3.92% by the end of 2024 and 1.8% annual returns), the funded ratio would decline to 93% by the end of 2023 and 85% 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.

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