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Press Release

Milliman analysis: Corporate pension funded status climbs to 103.1% at end of January

Rising discount rates outweigh impact of market losses for Milliman 100 PFI plans

SEATTLE – FEBRUARY 7, 2024 – 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 January, the Milliman 100 PFI funding ratio rose from 102.1% at the end of December to 103.1% as of January 31. A return to rising discount rates—this month by 14 basis points, to 5.14%—fueled this result and drove plan liabilities down from \$1.337 trillion at the end of December to \$1.316 trillion at the end of January. This change outweighed a small market loss of -0.30% in January as PFI plan assets dropped \$10 billion to \$1.356 trillion as of January 31.

“After significant declines in discount rates in the fourth quarter of 2023, January saw some upward rate movement, which led to a modest improvement in the funding surplus,” said Zorast Wadia, author of the PFI. “But with expectations of rate cuts later this year, we could see plan sponsors shifting allocations further to fixed income to better match anticipated rises in pension liabilities.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 5.69% by the end of 2024 and 6.29% by the end of 2025) and asset gains (9.8% annual returns), the funded ratio would climb to 115% by the end of 2024 and 129% by the end of 2025. Under a pessimistic forecast (4.59% discount rate at the end of 2024 and 3.99% by the end of 2025 and 1.8% annual returns), the funded ratio would decline to 95% by the end of 2024 and 86% by the end of 2025.

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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