



Contact: Zorast Wadia
Milliman, Inc.
Tel: +1 646 473 3315
zorast.wadia@milliman.com

FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Corporate pension funding rises by \$11 billion in October

Investment gains help boost Milliman 100 PFI funded ratio to 86.1% for the month

SEATTLE – NOVEMBER 7, 2019 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its latest Pension Funding Index (PFI), which analyzes the 100 largest U.S. corporate pension plans. During October, the funded ratio for these plans rose slightly, from 85.4% to 86.1%, while the funded status deficit improved by \$11 billion.

An investment gain of 1.08% helped boost the funded status of the Milliman PFI in October, with the market value of assets improving by \$13 billion for these plans. Liabilities for these plans increased by \$2 billion as a result of a one basis point drop in the discount rate, from 3.09% at the end of September to 3.08% as of October 31. October's month-end discount rate ranks as the second lowest discount rate recorded in the 19-year history of the Milliman 100 PFI.

"Over the past twelve months the pension funded ratio has sharply fallen, thanks to the record low interest rate environment," said Zorast Wadia, co-author of the Milliman 100 PFI. "However, low interest rates also make borrowing strategies viable if plan sponsors have access to cash. Plan sponsors may want to explore options that take advantage of low rates as one way to fund up their plans."

Looking forward, under an optimistic forecast with rising interest rates (reaching 3.18% by the end of 2019 and 3.78% by the end of 2020) and asset gains (10.6% annual returns), the funded ratio would climb to 88% by the end of 2019 and 103% by the end of 2020. Under a pessimistic forecast (2.98% discount rate at the end of 2019 and 2.38% by the end of 2020 and 2.6% annual returns), the funded ratio would decline to 85% by the end of 2019 and 78% by the end of 2020.

To view the complete Pension Funding Index, go to <http://us.milliman.com/PFI>. To see the 2019 Milliman Pension Funding Study, go to <http://us.milliman.com/PFS/>. 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.

About the Milliman Pension Funding Study



For the past 19 years, Milliman has conducted an annual study of the 100 largest defined benefit pension plans sponsored by U.S. public companies. The results of the Milliman 2019 Pension Funding Study are based on the pension plan accounting information disclosed in the footnotes to the companies' annual reports for the 2018 fiscal year and for previous fiscal years. These figures represent the GAAP accounting information that public companies are required to report under Financial Accounting Standards Board Accounting Standards Codification Subtopics 715-20, 715-30, and 715-60. In addition to providing the financial information on the funded status of their U.S. qualified pension plans, the footnotes may also include figures for the companies' nonqualified and foreign plans, both of which are often unfunded or subject to different funding standards from those for U.S. qualified pension plans. The information, data, and footnotes do not represent the funded status of the companies' U.S. qualified pension plans under ERISA.

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