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FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Corporate pension funded ratio declines to 97.6% in November due to investment losses

Milliman 100 PFI updates funding forecast out to the year 2023

SEATTLE – DECEMBER 7, 2021 – 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.

In November, a 0.36% investment loss for these plans was only slightly alleviated by a \$3 billion liability improvement, leading to an \$11 billion drop in the PFI funded status. The discount rate remained flat for the month at 2.72%, with no change in the benchmark corporate bond interest rates used to value pension liabilities. The funded ratio for these plans declined from 98.2% at the end of October to 97.6% as of November 30.

“While November was a down month for corporate pensions, the past 12 months have seen significant improvement, climbing from 88.5% to 97.6% as of November 30th,” said Zorast Wadia, author of the Milliman 100 PFI.

“Looking forward, if these pensions achieve the PFI expected return of 6.2% and maintain the current discount rate of 2.72%, the plans will be more than fully funded – at 101.2% - by the end of 2022.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 3.37% by the end of 2022 and 3.97% by the end of 2023) and asset gains (10.2% annual returns), the funded ratio would climb to 115% by the end of 2022 and 134% by the end of 2023. Under a pessimistic forecast (2.07% discount rate at the end of 2022 and 1.47% by the end of 2023 and 2.2% annual returns), the funded ratio would decline to 88% by the end of 2022 and 80% by the end of 2023.

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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