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FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Public pension funding ratio hits three-year high in Q4 2019 at 74.9%, but February's market volatility will likely erase some of those gains in Q1 2020

Milliman PPFI Q4 investment performance of 4.47% outpaces liability growth

SEATTLE – MARCH 2, 2020 – Milliman, Inc., a premier global consulting and actuarial firm, today released the fourth quarter 2019 results of its Public Pension Funding Index (PPFI), which consists of the nation's 100 largest public defined benefit pension plans. During Q4 2019, the overall funded ratio for these plans climbed from 72.7% to 74.9%, which as of December 31 marks the highest quarterly result in the history of the PPFI. Comparatively, at the end of 2018, the Milliman PPFI funded ratio was at 67.2%.

"The 15.9% annualized investment returns we saw for these plans far exceeded expected assumptions for 2019," said Becky Sielman, author of the Milliman 100 Public Pension Funding Index. "But given the recent stock market volatility, 2020 seems off to a tougher start. It remains to be seen whether the market reaction to the Coronavirus will be a repeat of 2018 (that is, a brief downturn and then robust recovery) or more of a prolonged recession such as we saw in 2009."

In aggregate, in Q4 2019 the PPFI plans experienced an investment return of 4.47%, with estimated returns ranging from 0.23% to 6.24%. The Milliman 100 PPFI asset value rose from \$3.833 trillion at the end of Q3 2019 to a PPFI high of \$3.979 trillion at the end of Q4 2019. Total pension liability continued to increase as well and stood at an estimated \$5.313 trillion as of December 31, 2019. As a result, the PPFI deficit dropped to \$1.334 trillion for the quarter. Twenty of the PPFI plans – or one-fifth – have reported funded ratios that are higher than 90%.

To view the Milliman 100 Public Pension Funding Index, go to <http://www.milliman.com/ppfi/>. 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 Public Pension Funding Index

Since 2012, Milliman has conducted an annual study of the 100 largest defined benefit plans sponsored by government jurisdictions in the U.S. The Milliman 100 Public Pension Funding Index projects the funded status for pension plans included in our study, reflecting the impact of actual market returns, utilizing the actual reported asset values, liabilities, and asset allocations of the pension plans. The results



of the Milliman 100 Public Pension Funding Index are based on the pension plan financial reporting information disclosed in the plan sponsors' Comprehensive Annual Financial Reports, which reflect measurement dates ranging from June 30, 2016, to December 31, 2017. This information was summarized as part of the Milliman 2018 Public Pension Funding Study, which was published on January 15, 2019.

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