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FOR IMMEDIATE RELEASE

**Press Release**

## **Milliman analysis: Estimated cost of retiree pension risk transfer drops slightly from 105.7% to 105.5% in April**

SEATTLE – MAY 18, 2020 – Milliman, Inc., a premier global consulting and actuarial firm, today announced the latest results of its new Milliman Pension Buyout Index (MPBI). As the Pension Risk Transfer (PRT) market continues to grow, it has become increasingly important to monitor the annuity market for plan sponsors that are considering transferring retiree pension obligations to an insurer. The MPBI uses the FTSE Above Median AA Curve, along with annuity purchase composite interest rates from insurers, to estimate the average cost of a PRT annuity de-risking strategy.

During April, the estimated cost to transfer retiree pension risk to an insurer decreased slightly for the month, with costs ticking down from 105.7% of a plan's total liabilities to 105.5% of those liabilities. This means the estimated retiree PRT cost for the month is now 5.5% more than those plans' retiree accumulated benefit obligation (ABO). April's decrease is the result of discount rates dropping by 56 basis points, compared to a 51 basis point drop for annuity purchase rates, so that the relative cost of annuities declined slightly.

"Interestingly, annuity purchase rates steadily decreased in January and February, increased 71 basis points during March and then dropped again by 51 basis points in April," says Mary Leong, a consulting actuary with Milliman and co-author of the study. "Overall, the recent swing in rates has shown the volatility in interest rates as we continue to track annuity retiree buyout costs each month."

Plan sponsors should note that the MPBI is an average cost estimate, and individual plan annuity buyouts can vary based on plan size, complexity, and competitive landscape. Furthermore, specific characteristics in plan design or participant population can affect the cost of a pension risk transfer.

To view the complete Milliman Pension Buyout Index, go to <https://www.milliman.com/mpbi>.

### **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](http://milliman.com).

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