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FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Corporate pension funded ratio at 83.7% in June as discount rate hits historic low

Milliman 100 PFI funded status worsens by \$6 billion in June despite 1.66% investment return

SEATTLE – JULY 13, 2020 – 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.

Despite solid investment returns, June's PFI funded status worsened by \$6 billion due to an 11 basis point drop in the monthly discount rate, from 2.76% in May to 2.65% for June. This month's discount rate marks the lowest observed in the 20-year history of the Milliman PFI. The PFI funded ratio for the month stayed nearly flat, inching down from 83.8% to 83.7% as of June 30. Asset gains of \$22 billion, thanks to a solid investment return of 1.66%, partially offset the funded status loss.

"June's above-average stock market return caps a strong second quarter of gains, and offsets much of the losses experienced by corporate pensions during the first quarter," said Zorast Wadia, author of the Milliman 100 PFI. "But with the discount rate hitting historic lows – and now moored below 3% for the third month in a row – even good investment returns were not enough to procure funding improvements during the second quarter of 2020."

Looking forward, under an optimistic forecast with rising interest rates (reaching 2.95% by the end of 2020 and 3.55% by the end of 2021) and asset gains (10.5% annual returns), the funded ratio would climb to 91% by the end of 2020 and 106% by the end of 2021. Under a pessimistic forecast (2.35% discount rate by the end of 2020 and 1.75% by the end of 2021 and 2.5% annual returns), the funded ratio would decline to 80% by the end of 2020 and 74% by the end of 2021.

To view the complete Pension Funding Index, go to www.milliman.com/pfi. To see the 2020 Milliman Pension Funding Study, go to www.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 20 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 2020 Pension Funding Study are based on the pension plan accounting information disclosed in the footnotes to the companies' annual reports for the 2019 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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