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**FOR IMMEDIATE RELEASE**

**Press Release**

## **Milliman Analysis: Second Consecutive Month of Increased Pension Funding Cannot Counteract Overall Deficit for 2009**

**Funding status increases by \$37 billion during December but still down \$31 billion for the year**

Seattle – Jan. 19, 2010 – Milliman, Inc., a premier global consulting and actuarial firm, today released the latest update to the Milliman 100 Pension Funding Index, which consists of 100 of the nation's largest defined benefit pension plans. In December, pensions experienced asset increases of \$5 billion and liability decreases of \$32 billion, resulting in a \$37 billion increase in funding status. December was the second consecutive month of improvement after six months of declining funding status. Overall, pension funding declined \$31 billion during 2009. The funded ratio at the end of December stood at 77.7%, compared to 78.3% at the end of 2008.

"The last year ended well, but two months of improvement in funding status couldn't counteract six consecutive months of declines and a year in which pensions faced volatility both in terms of assets and liabilities," said John Ehrhardt, co-author of the Milliman 100 Pension Funding Index. "Looking ahead, 2010 may be characterized by several key trends. Companies are likely to make significant cash contributions to pensions in the first quarter, to avoid certain benefit restrictions imposed by the Pension Protection Act (PPA). And assets are likely to continue shifting toward fixed-income and longer-duration investments as more companies adopt liability driven investment (LDI) strategies."

Overall, the pension funding deficit grew from \$269 billion at the close of 2008 to \$300 billion by the end of the year. Much of this deficit was liability-driven: The cumulative 2009 asset return was 13.21% compared to a 2009 pension benefit obligation (PBO) increase of 13.46%.

To view the complete monthly update, go to [www.milliman.com/expertise/employee-benefits/products-tools/pension-funding-study/index.php](http://www.milliman.com/expertise/employee-benefits/products-tools/pension-funding-study/index.php).

### **About Milliman**

Milliman is among the world's largest independent actuarial and consulting firms. Founded in Seattle in 1947 as Milliman & Robertson, the company currently has 52 offices in key locations worldwide. Milliman employs over 2,300 people, with a professional staff of more than 1,100 qualified consultants and actuaries, including specialists ranging from clinicians to economists. The firm has consulting practices in healthcare, employee benefits, property & casualty insurance, life insurance and financial services. Milliman serves the full spectrum of business, financial, government, union, education and nonprofit organizations. For further information, visit [www.milliman.com](http://www.milliman.com).

### **About the Milliman 100 Pension Funding Index**

For the past nine years, Milliman has conducted an annual study of the 100 largest defined benefit pension plans sponsored by U.S. public companies. The Milliman 100 Pension Funding Index projects



the funded status for pension plans included in our study, reflecting the monthly impact of market returns and interest-rate changes on pension funded status, utilizing the actual reported asset values, liabilities, and asset allocations of the companies' pension plans.

The results of the Milliman 100 Pension Funding Index were based on the actual pension plan accounting information disclosed in the footnotes to the companies' annual reports for the preceding fiscal year and for previous fiscal years. In addition to providing the financial information on the funded status of 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 funding standards different from those for U.S. qualified pension plans. The results do not represent the funded status of the companies' U.S. qualified pension plans under ERISA.

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