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FOR IMMEDIATE RELEASE

**Press Release**

## **Milliman analysis shows modest increase in 2009 pension funding status despite strong investment returns**

**Asset increases of 14.1%, \$112 billion largely offset by corresponding liability gains**

Seattle – April 20, 2010 – Milliman, Inc., a premier global consulting and actuarial firm, today released the 2010 Milliman Pension Funding Study, which analyzes the annual performance of 100 of the nation's largest defined benefit pension plans. In 2009, pensions experienced asset returns of 14.1%, compared with sponsors' expectation of 8.1%, but saw only modest funding increases overall. Despite a \$112 billion improvement in market value, the pension funding deficit decreased by only \$10.6 billion, leaving these 100 pensions with a shortfall of \$243 billion at the end of the fiscal year. As of March 31, 2010, that shortfall had been further reduced to around \$208 billion.

"While 2009 outperformed our expectations in terms of pension asset performance, pension liabilities moved to their own beat all year," said John Ehrhardt, co-author of the Milliman 2010 Pension Funding Study. "So far, 2010 is off to a promising start, but the lesson of the last year is that pension funding status has lately been driven by volatile pension liabilities."

"We saw minor asset allocation changes in 2009 as equity investment increased from 44% to 46%," said Paul Morgan, co-author of the Pension Funding Study. "The strong investment returns in 2009 were offset by the rebalancing of portfolios to preserve funded status gains and control pension risk. We believe that many companies will adopt dynamic investment policy programs for de-risking their pension plans as they move from underfunded levels to fully funded levels in the coming years."

Other significant findings of the 2010 Pension Funding Study include:

- Pension expense increased in 2009 to \$25.7 billion, up from \$10.7 billion in 2008
- Contributions to the 100 surveyed plans increased from \$29.5 billion in 2008 to \$54.5 billion in 2009
- At the end of the year, only six of the 89 companies with calendar-year fiscal years reported their pension benefit obligation (PBO) funded status in a surplus position

To view the complete monthly update, go to <http://www.milliman.com/expertise/employee-benefits/products-tools/pension-funding-study/>.

### **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 2,400 people. 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 Pension Funding Study**

The results of the Milliman 2010 Pension Funding Study are based on the pension plan accounting information disclosed in the footnotes to the companies' annual reports for the 2009 fiscal year and for previous fiscal years. These figures represent the generally accepted accounting principles (GAAP) accounting information that public companies are required to report under Statements of Financial Accounting Standards 87, 88, 106, 132, 157, and 158. 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.

This study includes the 100 U.S. public companies with the largest defined benefit pension assets whose 2009 annual reports were released by April 7, 2010. Eleven of the companies included in the 2010 study had fiscal years other than the calendar year. Private companies, mutual insurance companies, and U.S. subsidiaries of foreign parents were excluded from the study.

Projections for 2010 are based on the Milliman 100 Monthly Pension Funding Index, which has been updated to reflect the data from this study. This index reflects the effect of market returns and interest rate changes on pension funded status, utilizing actual reported asset values, liabilities, and asset allocation.

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