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**FOR IMMEDIATE RELEASE**

**Press Release**

## **Milliman analysis: Corporate pension funded status drops in February despite market gains**

**Funded status declines to 82.1% in February based on \$21 billion increase in pension liabilities**

Seattle – March 9, 2011 – 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 February, these plans experienced asset increases of \$15 billion and liability increases of \$21 billion, resulting in a \$6 billion decrease in pension funded status for the month. The decline follows two consecutive months of improvement and is the exception to a recent upward trend in pension funding that has shrunk the pension funded deficit to \$255 billion since the funded status deficit hit an all-time high of \$460 billion in August. For the last 12 months, despite a 13% return on assets, these pensions experienced a \$1 billion decline in funded status.

"We've had good momentum lately but last month saw a halt to that positive trend," said John Ehrhardt, co-author of the Milliman 100 Pension Funding Index. "The asset improvement is encouraging, but time and again we're reminded that funded status is primarily influenced by interest rates and how they drive pension liability."

The study offers projections for the next two years, which help to illustrate the challenge posed by the pension funded status deficit. If interest rates continue along their current lines and these 100 pensions achieve their expected 8.1% median return, the deficit will shrink to \$175 billion by the end of 2012. More optimistic performance—12.1% annual returns and eventual interest rates of 6.51%—would put the funded ratio at 107% by the end of 2012.

To view the complete monthly update, go to <http://www.milliman.com/expertise/employee-benefits/products-tools/pension-funding-index/>. To receive regular updates of Milliman's pension funding analysis, contact us at [pensionfunding@milliman.com](mailto:pensionfunding@milliman.com).

### **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 54 offices in key locations worldwide. Milliman employs over 2,500 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 100 Pension Funding Index**

For the past ten 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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