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**FOR IMMEDIATE RELEASE**

**Press Release**

## **Milliman analysis: July's \$120 billion decline in funded status pushes pension deficit to a record \$533 billion**

**Discount rate drops below 4%, liabilities swell by \$133 billion**

Seattle – August 6, 2012 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its latest Pension Funding Index, which consists of 100 of the nation's largest defined benefit pension plans. In July, these pensions experienced a \$120 billion decrease in funded status based on a \$133 billion increase in the pension benefit obligation (PBO) and a \$13 billion increase in asset value. The \$120 billion decrease in funded status is the worst in the 12-year history of this study, and it pushes the pension deficit to a record \$533 billion, surpassing the previous record set on August 31, 2010. The funded ratio of 70.9% is the second lowest in the history of this study; on May 31, 2003, the funded ratio bottomed out at 70.5%.

"I realize that record-breaking is in vogue this month with the Olympics in full swing, but these are not the kinds of records we want to see broken," said John Ehrhardt, co-author of the Milliman Pension Funding Study. "Record low discount rate, record high liabilities, record high deficit. When it comes to pension funding, we can do without any more records."

In July, the discount rate used to calculate pension liabilities fell from 4.32% to 3.92%, pushing the PBO up to \$1.831 trillion at the end of the month. The overall asset value for these 100 pensions increased from \$1.284 trillion to \$1.297 trillion.

Looking forward, if these 100 pensions were to achieve their expected 7.8% median asset return and if the current discount rate of 3.92% were to be maintained throughout 2012 and 2013, these pensions would improve the pension funded ratio from 70.9% to 72.3% by the end of 2012 and to 76.6% by the end of 2013.

To view the complete study, go to <http://ow.ly/4xFIt>. 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 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).

**About the Milliman 100 Pension Funding Index**

For the past 12 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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