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FOR IMMEDIATE RELEASE

**Press Release**

## **Milliman launches Public Pension Funding Study, provides objective analysis of funded status for 100 largest public plans**

**The 100 largest public pensions face a funding deficit of \$1.193 trillion, around \$300 billion more than these plans' self-reported results**

Seattle – October 15, 2012 – Milliman, Inc., a premier global consulting and actuarial firm, today released its first Public Pension Funding Study, which consists of 100 of the nation's largest public defined benefit pension plans. The study offers an aggregate analysis of these 100 public pensions and their funded status. The study complements Milliman's corporate Pension Funding Study, which is now in its 12<sup>th</sup> year.

During the past year, these 100 public pensions reported assets of \$2.705 trillion and accrued liabilities of \$3.600 trillion, resulting in a funded status deficit of \$895 billion and a funded ratio of 75.1%. The Milliman analysis of these 100 pensions—which uses an actuarial value approach to liabilities—indicates the aggregate liabilities are \$3.706 trillion, which results in an aggregate deficit of \$1.193 trillion and a funded ratio of 67.8%. The 100 plans in the study encompass the pensions of 23.7 million plan members.

"Milliman is in a unique position to serve as the actuarial fact checkers for the self-reported interest rate and liability information provided by public pensions," said Becky Sielman, author of the Milliman Public Pension Funding Study. "Our approach was to start with a clean slate and recalculate each plan's liability with an eye toward an independent result. What did we find? The funding deficit for these plans is in excess of a trillion dollars, which quantifies the challenge facing these pensions as they work to satisfy retirement promises. While the deficit number is considerable, these plans have largely been realistic about their funding challenges. Many of these plans are already working diligently to improve their funded status and dig out from under the deficit that piled up during the economic collapse of 2008 and the subsequent reduction in interest rates."

The study provides insight into other aspects of these 100 pensions, including investment allocations, expected returns, and pension liability per member. Taken as a whole, the study will allow for the ongoing, independent measurement of aggregate public pension funded status.

To view the complete study, go to [www.milliman.com/PPFS](http://www.milliman.com/PPFS). 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. It is a founding member of Abelica Global, an international organization of consulting firms serving employee benefits clients worldwide. For further information visit [www.milliman.com](http://www.milliman.com).

**About the Milliman Public Pension Funding Study**

The Milliman Public Pension Study is based on the most recently available Comprehensive Annual Financial Reports and actuarial valuation reports, which reflect valuation dates ranging from June 30, 2009, to January 1, 2012; about two-thirds are from June 30, 2011 or later. For the purposes of this study, the reported asset allocation of each of the included plans has been analyzed to determine an independent measure of the expected long-term rate of return on plan assets. The reported accrued liability for each plan has then been recalibrated to reflect this actuarially determined interest rate. This study therefore adjusts for differences between each plan's assumed rate of investment return and a current market assessment of the expected return based on actual asset allocations. This study is not intended to price the plans' liabilities for accounting purposes or to analyze the funding of individual plans.

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