



Contact: John Ehrhardt
Milliman, Inc.
Tel: 646.473.3300
john.ehrhardt@milliman.com

FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Plunging interest rates in April inflate corporate pension funding deficit by \$37 billion

An asset increase of \$23 billion is not enough to offset a \$60 billion increase in liabilities as interest rates fall below 4.0%, raising the funded status deficit to \$321 billion

Seattle – May 9, 2013 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its latest Pension Funding Index (PFI), which consists of 100 of the nation's largest corporate defined benefit pension plans. In April, these pension plans experienced a \$37 billion decrease in funded status based on a \$60 billion increase in the pension benefit obligation (PBO) and a \$23 billion increase in assets.

"We knew that the funded status improvement that has characterized these 100 pension plans so far in 2013 couldn't last forever," said John Ehrhardt, co-author of the Milliman Pension Funding Study. "We saw a \$106 billion improvement during the first quarter of 2013, thanks to strong investment performance and cooperative interest rates. The strong investment performance continued through April, but interest rates were less cooperative, dropping below 4% for the first time this year and driving a \$60 billion increase in the pension benefit obligation."

In April, the discount rate used to calculate pension liabilities decreased from 4.22% to 3.98%, increasing the PBO from \$1.651 trillion to \$1.711 trillion at the end of the month. The overall asset value for these 100 pension plans increased from \$1.367 trillion to \$1.390 trillion.

Looking forward, if these 100 pension plans were to achieve their expected 7.5% median asset return and if the current discount rate of 3.98% were to be maintained throughout 2013 and 2014, their pension funded ratio would improve from 81.2% to 84.2% by the end of 2013 and to 89.3% by the end of 2014.

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.

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.

About the Milliman 100 Pension Funding Index

For the past 13 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.

####