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**FOR IMMEDIATE RELEASE**

Press Release

## **Milliman analysis: Pension deficit increases by \$6 billion in February**

**Following a near-record improvement in January, February's deficit increase still leaves pensions \$101 billion ahead of year-end 2012**

Seattle – March 6, 2013 – 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 corporate defined benefit pension plans. In February, these pensions experienced a \$6 billion decrease in funded status based on a \$17 billion increase in the pension benefit obligation (PBO) and an \$11 billion increase in assets. February's growth in the funded status deficit follows a near-record improvement of \$107 billion in January and still leaves these pensions in better shape than at the end of 2012.

"Assets continued to climb in February, but as usual it was interest rates that ultimately drove pension funded status," said John Ehrhardt, co-author of the Milliman Pension Funding Study. "Thanks to cooperative interest rates in January, we are still ahead for the year. Even with the Dow hitting new record highs, it will ultimately be interest rates that dictate the pension funding story in 2013."

In February, the discount rate used to calculate pension liabilities decreased from 4.45% to 4.40%, increasing the PBO from \$1.666 trillion to \$1.683 trillion at the end of the month. The overall asset value for these 100 pensions increased from \$1.361 trillion to \$1.372 trillion.

Looking forward, if these 100 pension plans were to achieve their expected 7.8% median asset return and if the current discount rate of 4.40% were to be maintained throughout 2013 and 2014, their pension funded ratio would improve from 81.5% to 85.6% by the end of 2013 and to 90.6% by the end of 2014.

These figures are tentative and will be revisited as part of the 2013 Milliman Pension Funding Study, to be released later this month. Milliman expects that de-risking activities made by some of these companies will probably lower asset and liability figures, which may slightly negatively affect the plans' overall funded status.

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. It is a founding member of Abelica Global, an international organization of consulting firms serving employee benefits clients worldwide. 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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