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Press Release

Milliman analysis: Continuing improvement in interest rates reduces corporate pension funding deficit by \$47 billion

**Second consecutive month of bond selloff activity drives interest rates higher,
leads to significant reduction in pension liabilities**

Seattle – July 10, 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 defined benefit pension plans. In June, these plans experienced a \$25 billion decrease in asset value and a \$72 billion decrease in pension liabilities. The pension funding deficit dropped from \$226 billion at the end of May to \$179 billion at the end of June.

"We've had a record year of funded status improvement so far in 2013, and June continued that trend," said John Ehrhardt, co-author of the Milliman Pension Funding Study. "I've been saying for a while: It's all about the interest rates. The year-to-date asset improvement has helped, but it's the reduction in benefit obligation thanks to surging interest rates that has gotten these 100 pensions much closer to 90% funded status than we could have imagined at the beginning of the year."

Year-to-date, assets have improved by \$37 billion and the projected benefit obligation has been reduced by \$175 billion, resulting in an almost \$212 billion improvement in funded status and increasing the funded ratio from 77.2% to 88.3%.

Looking forward, if the Milliman 100 pension plans were to achieve the expected 7.5% median asset return for their pension plan portfolios, and if the current discount rate of 4.74% were maintained, funded status would improve, with the funded status deficit reaching \$143 billion (90.7% funded ratio) by the end of 2013 and \$61 billion (96.1% funded ratio) by the end of 2014.

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

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