



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

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Press Release

Milliman analysis: Rising interest rates in May drive \$95 billion improvement in corporate pension funded status

A significant sell-off in bonds drives interest rates higher and lowers pension liabilities by almost 6%; the resulting \$226 billion pension deficit is the lowest since July 2011

Seattle – June 6, 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 May, these pension plans experienced a \$95 billion increase in funded status, primarily based on a \$101 billion decrease in the pension benefit obligation (PBO). There was a small offsetting decrease in assets.

“After years of talking about the insidious effect of low interest rates on pension funded status, we finally see a long-awaited spike in interest rates and the resulting massive deficit reduction,” said John Ehrhardt, co-author of the Milliman Pension Funding Study. “This is the biggest interest rate increase since 2009 and one of the more significant increases in the history of our study.”

In May, the discount rate used to calculate pension liabilities increased from 3.98% to 4.41%, decreasing the PBO from \$1.711 trillion to \$1.610 trillion by the end of the month. The overall asset value for these 100 pension plans decreased slightly from \$1.389 trillion to \$1.384 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 4.41% were to be maintained throughout 2013 and 2014, their pension funded ratio would improve from 86.0% to 88.7% by the end of 2013 and to 94.0% 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.

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