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FOR IMMEDIATE RELEASE

Press Release

Milliman issues fourth annual Public Pension Funding Study, provides objective analysis of funded status for 100 largest plans

Funded status improved by more than 4% in 2014 but 2015 looks to be a challenging year

Seattle – November 30, 2015 – Milliman, Inc., a premier global consulting and actuarial firm, today released its fourth annual Public Pension Funding Study, which consists of the nation's 100 largest public defined benefit pension plans and analyzes these plans from both a market value and an actuarial value perspective. Another year of strong market conditions in 2014 helped drive a funded status improvement of more than 4%, but challenging times lie ahead. After years of strong asset performance, 2015 has been flat from an equity standpoint. Furthermore, many public plan sponsors have reduced return assumptions going forward, a trend that reflects today's market realities but also creates a steeper hill to climb if these pensions are to reach full funding.

"These pensions had a decent year in 2014, but given the early returns in 2015, the road ahead could be challenging for the 66% of these plans that are less than 80% funded," said Becky Sielman, author of the Milliman Public Pension Funding Study. "Many public plans have become more realistic about return assumptions in recent years—the median return assumption has decreased from 8.00% in 2012 to 7.65% this year—which will further steepen the climb to full funding, especially for the 10% of our study that are currently less than 50% funded."

This year's study revealed a significant milestone has been reached with the country's largest public pension plans: for the first time, the number of retired and inactive members covered by these plans outstripped the number of employees who are earning benefits. And the accrued liability for those retirees overshadows the accrued liability for employees by more than 40% in aggregate.

To view the complete study, go to www.milliman.com/PPFS. 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 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, 2012, to January 1, 2015; about 70% are from June 30, 2014 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 median rate of return on plan assets. The sponsor-reported accrued liability for each plan has then been recalibrated to reflect this independently determined investment return assumption. This study therefore adjusts for differences between each plan's reported assumed real rate of investment return and an independently calibrated current market assessment of the expected real return based on actual asset allocations. This study is not intended to price the plans' liabilities for accounting or near-term plan settlement purposes or to analyze the funding of individual plans.

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