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Press Release

Milliman analysis: Multiemployer pensions lost \$26 billion in funded status during the second half of 2015

Aggregate funded percentage drops from 79% at end of June to 75% at end of the year

Seattle – April 19, 2016 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its Spring 2016 Multiemployer Pension Funding Study, which analyzes the funded status of all multiemployer pension plans. In the second half of 2015, these pension plans experienced a funding percentage decrease of 4%, declining from 79% at the end of June to 75% at the close of 2015. During that time, pension liabilities for these plans increased by \$8 billion and the market value of assets declined by \$18 billion, resulting in a \$26 billion-increase in the funded status shortfall. Since undergoing a minor rally in funded status that peaked in 2013, multiemployer pensions have experienced continued deterioration in funded status.

“Multiemployer plans continued to be stuck in a rut in 2015,” says Kevin Campe, consulting actuary and co-author of the Multiemployer Pension Funding Study. “Currently at least 76 plans with \$28 billion of shortfall are projected to be insolvent at some point. These plans may be beyond help at this point, and several more may be headed this direction.”

Results vary by plan. Of the plans studied, 192 were over 100% funded at year end (compared to the 279 plans over 100% funded as of June 30, 2015). The number of plans that are less than 65% funded grew from 214 to 264. The most poorly funded pensions are of particular interest, because plans in “critical and declining status” may reduce benefits in an effort to stay solvent. Currently, 31 of the critical plans who have reported results have stated they are projected to go insolvent before 2025, and this number could rise as more plans file their reports.

To view the complete study, go to <http://www.milliman.com/mpfs/>. To receive regular updates of Milliman’s pension funding analysis, contact us at pensionfunding@milliman.com.

About Milliman

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