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FOR IMMEDIATE RELEASE

**Press Release**

## **Milliman analysis: Funded status plummets in June, Brexit a possible culprit**

**Discount rates fell 23 basis points to 3.45%, second-lowest in PFI's 16-year history**

**Funded status decreased by \$46 billion in June**

Seattle – July 8, 2016 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its latest Pension Funding Index (PFI), which analyzes the 100 largest U.S. corporate pension plans. In June, these pension plans experienced a \$46 billion decrease in funded status primarily due to a \$54 billion increase in pension liabilities. Investment gains partially helped to offset the funded status decline. The funded ratio for these pensions decreased from 77.5% to 75.7% at the end of June. As we pass the midpoint of 2016, the funded status deficit has ballooned to \$447 billion, a \$140 billion increase over the past six months – Brexit, and an overall discount rate drop of 71 basis points, point to the reasons why.

“Plans with fiscal years ending June 30<sup>th</sup> had a late-breaking surprise with the passage of Brexit. Falling 23 basis points, US discount rates certainly weren’t immune to the Brexit pain,” said Zorast Wadia, co-author of the Milliman 100 PFI. “The silver lining here lies with fixed income investments, which benefited from the discount rate decline. Those with heavy allocations towards fixed income are seeing investment gains.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 3.75% by the end of 2016 and 4.35% by the end of 2017) and asset gains (11.2% annual returns), the funded ratio would climb to 81% by the end of 2016 and 93% by the end of 2017. Under a pessimistic forecast (3.15% discount rate at the end of 2016 and 2.55% by the end of 2017 and 3.2% annual returns), the funded ratio would decline to 72% by the end of 2016 and 66% by the end of 2017.

To view the complete Pension Funding Index, go to <http://us.milliman.com/PFI>. To see the 2016 Milliman Pension Funding Study, go to <http://us.milliman.com/PFS/>. 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. For further information, visit [milliman.com](http://milliman.com).



**About the Milliman Pension Funding Study**

For the past 16 years, Milliman has conducted an annual study of the 100 largest defined benefit pension plans sponsored by U.S. public companies. The results of the Milliman 2016 Pension Funding Study are based on the pension plan accounting information disclosed in the footnotes to the companies' annual reports for the 2015 fiscal year and for previous fiscal years. These figures represent the GAAP accounting information that public companies are required to report under Financial Accounting Standards Board Accounting Standards Codification Subtopics 715-20, 715-30, and 715-60. In addition to providing the financial information on the funded status of their 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 different funding standards from those for U.S. qualified pension plans. The information, data, and footnotes do not represent the funded status of the companies' U.S. qualified pension plans under ERISA.

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