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**FOR IMMEDIATE RELEASE**

**Press Release**

## **Milliman analysis: Record-low interest rates drive another increase in the pension funding deficit**

**Strong investment returns can't offset 12 basis point decline in discount rates as pension deficit increases by \$5 billion**

Seattle – August 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 July, these pension plans experienced a \$5 billion decrease in funded status due to a \$29 billion increase in pension liabilities that eclipsed a strong month for asset returns. The funded status for these pensions was essentially flat, shifting from 75.6% to 75.7%.

"Everyone is thinking about records this week with the Olympics underway, but a record-low discount rate is not something these pensions will be applauding," said Zorast Wadia, co-author of the Milliman 100 PFI. "The discount rate's plunge to 3.33% blew away the prior record of 3.41% from January of 2015. Year-to-date, these low rates have contributed to a \$186 billion increase in pension liabilities."

Looking forward, under an optimistic forecast with rising interest rates (reaching 3.58% by the end of 2016 and 4.18% by the end of 2017) and asset gains (11.2% annual returns), the funded ratio would climb to 80% by the end of 2016 and 92% by the end of 2017. Under a pessimistic forecast (3.08% discount rate at the end of 2016 and 2.48% by the end of 2017 and 3.2% annual returns), the funded ratio would decline to 73% 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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