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FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Corporate funded status improves by \$28 billion in October, biggest boost of 2016

Discount rates climbed 29 basis points since August's record-low, reaching 3.61% in October

Seattle – November 7, 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 October, the funded status for these pension plans experienced its largest increase of the year, improving by \$28 billion, primarily due to interest rate gains that resulted in a \$45 billion decrease in pension liabilities. The funded ratio for these plans climbed a whole percentage point, from 76.3% to 77.3%.

"This is the second straight month of funded status gains," said Zorast Wadia, co-author of the Milliman 100 PFI, "but we're far from celebrating. These plans are still down \$103 billion for the year, thanks to decreases in interest rates and lower-than-expected investment returns. Throw in a divisive election on November 8th, and we'll see what the rest of 2016 has in store for these plans."

Looking forward, under an optimistic forecast with rising interest rates (reaching 3.71% by the end of 2016 and 4.31% by the end of 2017) and asset gains (11.2% annual returns), the funded ratio would climb to 79% by the end of 2016 and 90% by the end of 2017. Under a pessimistic forecast (3.51% discount rate at the end of 2016 and 2.91% by the end of 2017 and 3.2% annual returns), the funded ratio would decline to 76% by the end of 2016 and 69% 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.

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 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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