



Contact: Zorast Wadia  
Milliman, Inc.  
Tel: +1 646 473 3315  
[zorast.wadia@milliman.com](mailto:zorast.wadia@milliman.com)

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FOR IMMEDIATE RELEASE

**Press Release**

## **Milliman analysis: July's corporate pension funding ratio reaches 93.4%, highest in a decade**

**Milliman 100 PFI funding increases by \$12 billion due to strong investment returns**

SEATTLE – AUGUST 13, 2018 – 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 pensions experienced a \$12 billion increase in funded status due to robust investment returns of 1.15% for the month. Assets increased by \$13 billion in July, with the PFI deficit falling from \$120 billion to \$108 billion, while pension liabilities increased by \$1 billion due to a slight dip in the benchmark corporate bond interest rates used to value pension liabilities. The funded ratio climbed from 92.7% at the end of June to 93.4% as of July 31, the highest it's been in a decade.

"Corporate pension funding ratios are back at percentages we saw pre-global financial crisis, though ten years ago discount rates were almost double what they are today," said Zorast Wadia, co-author of the Milliman 100 PFI. "In fact, July's strong investment returns would have had an even more pronounced impact on these plans, except for the fact that a majority of the Milliman 100 companies have heavy fixed income concentrations."

Looking forward, under an optimistic forecast with rising interest rates (reaching 4.36% by the end of 2018 and 4.96% by the end of 2019) and asset gains (10.8% annual returns), the funded ratio would climb to 99% by the end of 2018 and 115% by the end of 2019. Under a pessimistic forecast (3.86% discount rate at the end of 2018 and 3.26% by the end of 2019 and 2.8% annual returns), the funded ratio would decline to 91% by the end of 2018 and 84% by the end of 2019.

To view the complete Pension Funding Index, go to <http://us.milliman.com/PFI>. To see the 2018 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 18 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 2018 Pension Funding Study are



based on the pension plan accounting information disclosed in the footnotes to the companies' annual reports for the 2017 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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