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Press Release

Milliman analysis: Corporate pensions crawl toward ‘full funding’ in May, at 98.8% funded

Milliman PFI funded status increases by \$8 billion, marks eighth consecutive month of improvement

SEATTLE – JUNE 4, 2021 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its latest Milliman 100 Pension Funding Index (PFI), which analyzes the 100 largest U.S. corporate pension plans.

During May, the market value of assets for PFI plans improved by \$16 billion thanks to a strong 1.24% investment gain. The gains were offset, however, by an increase in liabilities due to a 4 basis-point drop in the monthly discount rate, from 2.98% to 2.94% as of May 31. Overall, corporate pension funding improved by \$8 billion for the month, and the funded ratio inched up from 98.4% at the end of April to 98.8% as of May 31.

“Discount rates have climbed above 3.00% only once over the past twelve months, in March,” said Zorast Wadia, author of the Milliman 100 PFI. “While investment gains have kept these pensions crawling toward ‘full funding,’ an increase in the monthly discount rate could very well put them over the top.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 3.29% by the end of 2021 and 3.89% by the end of 2022) and asset gains (10.2% annual returns), the funded ratio would climb to 108% by the end of 2021 and 125% by the end of 2022. Under a pessimistic forecast (2.59% discount rate at the end of 2021 and 1.99% by the end of 2022 and 2.2% annual returns), the funded ratio would decline to 94% by the end of 2021 and 85% by the end of 2022.

To view the complete Pension Funding Index, go to www.milliman.com/pfi. To see the 2021 Milliman Pension Funding Study, go to www.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.

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