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Press Release

Milliman analysis: Corporate pension funding ratio dips to 111.2% in November due to drop in discount rates

Milliman 100 PFI funded status declines by \$17 billion

SEATTLE – DECEMBER 7, 2022 – 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 November, the Milliman 100 PFI funded ratio declined to 111.2% on November 30 from 113.3% on October 31, which had been the peak for the year. The drop was due to a 55-basis-point decline in the monthly discount rate, from 5.71% in October to 5.16% for November. As a result, the PFI projected benefit obligation rose to \$1.342 trillion, representing a loss of \$76 billion for the month, even as investment gains of 4.63% caused the market value of assets to rise by \$59 billion.

“November’s discount rate decrease was the largest monthly drop of the year and only the second monthly decline we’ve seen in 2022,” said Zorast Wadia, co-author of the PFI. “This caused the plans’ funded status to drop, despite November’s stellar investment returns, which were the largest monthly gain of the year.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 5.81% by the end of 2023 and 6.41% by the end of 2024) and asset gains (9.9% annual returns), the funded ratio would climb to 127% by the end of 2023 and 142% by the end of 2024. Under a pessimistic forecast (4.51% discount rate at the end of 2023 and 3.91% by the end of 2024 and 1.9% annual returns), the funded ratio would decline to 101% by the end of 2023 and 92% by the end of 2024.

To view the complete Pension Funding Index, go to www.milliman.com/pfi. To see Milliman’s full range of annual Pension Funding Studies, go to <https://www.milliman.com/en/retirement-and-benefits/pension-funding-studies>. To receive regular updates of Milliman’s pension funding analysis, contact us at pensionfunding@milliman.com.

About Milliman

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