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**FOR IMMEDIATE RELEASE**

**Press Release**

## **Milliman analysis: Competitive pension risk transfer buyout rate decreases to 98.0% during July**

**Average buyout rate across all MPBI insurers hits low of 101.5%**

SEATTLE – AUGUST 22, 2022 – Milliman, Inc., a premier global consulting and actuarial firm, today announced the latest results of its Milliman Pension Buyout Index (MPBI). As the Pension Risk Transfer (PRT) market continues to grow, it has become increasingly important to monitor the annuity market for plan sponsors that are considering transferring retiree pension obligations to an insurer.

During July, the estimated cost to transfer retiree pension risk to an insurer in a competitive bidding process decreased from 98.3% of a plan's total liabilities to 98.0% of those liabilities. For these plan sponsors, the estimated retiree PRT cost is now 98.0% of those plans' retiree accumulated benefit obligation (ABO). During the same time period, the average annuity purchase cost across all insurers in our index also decreased, from 103.0% to 101.5% - a record low for the MPBI. Despite that, the competitive bidding process is still estimated to save plan sponsors roughly 3.4% of PRT costs as of July 31.

"Another MPBI record-low for retiree buyout costs suggests the pension risk transfer market hasn't lost momentum," says Mary Leong, a consulting actuary with Milliman and co-author of the MPBI. "Historically, 65-75% of single premium sales (buy-ins and buyouts) occur in the second half of the year, so it will be interesting to see how sales look as 2022 rolls on."

The MPBI uses the FTSE Above Median AA Curve, along with annuity purchase composite interest rates from eight insurers, to estimate the competitive and average costs of a PRT annuity de-risking strategy. Individual plan annuity buyouts can vary based on plan size, complexity, and competitive landscape.

To view the complete Milliman Pension Buyout Index, go to <https://www.milliman.com/mpbi>. To receive regular updates with Milliman's pension buyout analysis, contact us at [pensionbuyout@milliman.com](mailto:pensionbuyout@milliman.com).

### **About Milliman**

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