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FOR IMMEDIATE RELEASE

**Press Release**

## **Milliman analysis: Corporate pension funding ratio climbs to 87.1% at 2018 year-end despite worst asset performance in a decade**

**Employer contributions and a 52-basis-point discount rate increase lead to funding improvement despite investment losses of 2.8%**

SEATTLE – APRIL 16, 2019 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its 2019 Corporate Pension Funding Study (PFS), which analyzes the 100 largest U.S. corporate pension plans. Employers in Milliman’s PFS continued last year’s trend of large pension contributions, adding \$57.5 billion in funds to their pensions in 2018. This year saw three of the top ten largest contributions in the history of the PFS, from AT&T (\$9.3 billion, second-largest in PFS history), General Electric (\$6.8 billion, 4<sup>th</sup> largest), and Lockheed Martin Corporation (\$5 billion). Employer contributions have totaled nearly \$120 billion over the last two years, exceeding any two-year period in our study’s history. With that said, contribution levels are expected to decrease in fiscal year 2019.

Along with the contributions noted above, a large discount rate increase helped drive an overall pension funding improvement for PFS plans in 2018, despite disappointing investment losses of 2.8%. The funded ratio for the Milliman 100 pensions rose from 85.8% at the end of 2017 to 87.1% at the end of 2018, though the year’s asset performance was the worst seen since 2008. The discount rate climbed 52 basis points in 2018, the second-largest annual increase since the PFS began tracking funding.

“We’re accustomed to faulting the low discount rate climate and its negative effect on pension funding, but in 2018 discount rate increases as well as large plan sponsor contributions helped dig corporate pensions out of the funding hole created by investments losses,” says Zorast Wadia, co-author of Milliman’s Pension Funding Study. “In fact, this was the first time in our study’s history that we had a negative asset return and yet corporate pension funding improved.”

New this year, the study also includes an analysis of pension funding across business sectors. For instance, the study found that plans in the financial services sector have an average funding ratio of 100%, while corporate pensions in the industrials, energy, and basic materials sectors have an average funding ratio below 85%.

To view the complete 2019 Milliman Corporate Pension Funding Study, go to [www.milliman.com/pfs](http://www.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 Corporate Pension Funding Study**

For the past 19 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 2019 Pension Funding Study are based on the pension plan accounting information disclosed in the footnotes to the companies' Form 10-K annual reports for the 2018 fiscal year and for previous fiscal years. These figures represent the Generally Accepted Accounting Principles (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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