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FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Corporate pension funding inches up in June despite low interest rate environment

Milliman 100 PFI funded ratio at 88.0% at end of June

SEATTLE – JULY 8, 2019 – 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 June, these pensions experienced a \$1 billion increase in funded status, as superior asset growth was able to offset rising pension liabilities due to a decrease in the benchmark corporate bond interest rates used to value those liabilities.

June's solid 2.82% investment return raised the Milliman 100 PFI asset value by \$38 billion, which more than made up for investment losses experienced in May and continues the upward march of asset returns seen during most of 2019. However, with the monthly discount rate falling to 3.45%, the lowest it's been in nearly three years, PFI liabilities increased as well, by \$37 million. As a result, the Milliman 100 PFI funding changed only incrementally: the funded ratio inched up from 87.7% at the end of May to 88.0% as of June 30.

"The low discount-rate environment – the likes of which we haven't seen since September 2016 – would spell a lot more trouble for corporate pensions if it weren't for 2019's overall asset gains," said Zorast Wadia, co-author of the Milliman 100 PFI. "In fact, three years ago the PFI deficit was nearly double what it is today. Investment returns for 2019 have exceeded expectations in every month of the year except May; if discount rates increase in the second half of the year, this could be a truly favorable year for corporate pensions."

Looking forward, under an optimistic forecast with rising interest rates (reaching 3.75% by the end of 2019 and 4.35% by the end of 2020) and asset gains (10.6% annual returns), the funded ratio would climb to 95% by the end of 2019 and 111% by the end of 2020. Under a pessimistic forecast (3.15% discount rate at the end of 2019 and 2.55% by the end of 2020 and 2.6% annual returns), the funded ratio would decline to 85% by the end of 2019 and 78% by the end of 2020.

To view the complete Pension Funding Index, go to <http://us.milliman.com/PFI>. To see the 2019 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.

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.



About the Milliman 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' annual reports for the 2018 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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