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Press Release

Milliman analysis: 2017 starts with corporate funded status improvement of \$9 billion

Investment gain and rise in corporate bond rates fuel funded ratio increase to 81.6% in January

SEATTLE – February 9, 2017 – 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. The year 2017 opened optimistically with the funded status for these pension plans improving by \$9 billion due to January’s investment gain of 0.87% as well as a small rise in corporate bond rates used to value pension liabilities. As a result, the funded ratio for these plans climbed 0.5% to 81.6% from 81.1% in December 2016.

“January marks the fifth straight month of funded status improvement with discount rates once again returning to 4.0% - albeit barely,” said Zorast Wadia, co-author of the Milliman 100 PFI. “And with investment returns coming in above expectations, 2017 seems like it’s off to a positive start for pensions.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 4.55% by the end of 2017 and 5.15% by the end of 2018) and asset gains (11.2% annual returns), the funded ratio would climb to 92% by the end of 2017 and 105% by the end of 2018. Under a pessimistic forecast (3.45% discount rate at the end of 2017 and 2.85% by the end of 2018 and 3.2% annual returns), the funded ratio would decline to 75% by the end of 2017 and 69% by the end of 2018.

To view the complete Pension Funding Index, go to <http://us.milliman.com/PFI>. To see the 2016 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 16 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 2016 Pension Funding Study are based on the pension plan accounting information disclosed in the footnotes to the companies’ annual reports for the 2015 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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