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FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Declining discount rates drive corporate funded status down by \$10 billion in April

Despite strong investment returns, funded ratio decreases to 84.9%

SEATTLE – May 10, 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. Despite strong investment returns of 0.84%, in April the deficit for these pension plans increased from \$247 billion to \$257 billion, the result of a decrease in the benchmark corporate bond rates used to value pension liabilities. The funded ratio for these pensions fell from 85.3% to 84.9% over the same time period.

“Tracking these pensions lately has been like watching a game of ping pong,” said Zorast Wadia, co-author of the Milliman 100 PFI. “Robust investment returns are in a rally with interest rates, and in this metaphor we’re all waiting on interest rates to advance the game.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 4.28% by the end of 2017 and 4.88% by the end of 2018) and asset gains (11.0% annual returns), the funded ratio would climb to 93% by the end of 2017 and 107% by the end of 2018. Under a pessimistic forecast (3.48% discount rate at the end of 2017 and 2.88% by the end of 2018 and 3.0% annual returns), the funded ratio would decline to 80% by the end of 2017 and 73% by the end of 2018.

To view the complete Pension Funding Index, go to <http://us.milliman.com/PFI>. To see the 2017 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 17 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 2017 Pension Funding Study are based on the pension plan accounting information disclosed in the footnotes to the companies’ annual reports for the 2016 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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