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FOR IMMEDIATE RELEASE

**Press Release**

## **Milliman analysis: Despite steep Q2 discount rate decline, corporate pension funded ratio still ahead of the start of the year**

**Milliman 100 PFI plans' funded status drops by \$4 billion in June, funded ratio down to 83.5%**

SEATTLE – JULY 11, 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. In June the funded status of these plans fell by \$4 billion, the result of lower-than-expected investment returns and a decrease in the benchmark corporate bond interest rates used to value pension liabilities. The Milliman 100 PFI plans saw their deficit grow from \$281 billion to \$285 billion with a two basis point drop from May to June. As of June 30, the funded ratio had inched down from 83.7% to 83.5%, though that mid-year number is still slightly above where it was at the start of 2017.

“While June saw lackluster investment returns of 0.35%, overall the Milliman 100 PFI assets performed better than expected in Q2—some much needed good news for these plans whose liabilities continue to grow as discount rates decline,” said Zorast Wadia, co-author of the Milliman 100 PFI.

Looking forward, under an optimistic forecast with rising interest rates (reaching 4.04% by the end of 2017 and 4.64% by the end of 2018) and asset gains (11.0% annual returns), the funded ratio would climb to 90% by the end of 2017 and 103% by the end of 2018. Under a pessimistic forecast (3.44% discount rate at the end of 2017 and 2.84% 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](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 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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