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FOR IMMEDIATE RELEASE

Press Release

Milliman: Public pension funding ticks upward in Q2 amid strong investment returns

Number of plans funded above 90% almost doubles since 2016 Q4

SEATTLE – August 24, 2017 – Milliman, Inc., a premier global consulting and actuarial firm, today released the second quarter results of its Public Pension Funding Index (PPFI), which consists of the nation's 100 largest public defined benefit pension plans. In Q2 2017, the funded ratio of these plans ticked upward, climbing from 72.0% at the end of March to 73.0% as of June 30, 2017. These plans saw their funded status improve by \$33 billion for the quarter, the result of strong investment returns (measuring 3.06% in aggregate) that led public plan asset growth to outpace the rise in pension liabilities.

The Milliman 100 PPFI total pension liability (TPL) increased from \$4.698 trillion at the end of Q1 to an estimated \$4.737 trillion at the end of Q2. The TPL is expected to grow modestly over time as interest on the TPL and the accrual of new benefits outpaces the benefits paid to retirees. The second quarter also saw four more Milliman 100 plans cross the 90% funded mark; as of the end of Q2, 19 plans have funded ratios above 90%, 60 have funded ratios between 60% and 90%, and 21 have funded ratios lower than 60%.

“During the first half of 2017, the number of PPFI plans funded at 90% or above has almost doubled,” said Becky Sielman, author of the Milliman 100 Public Pension Funding Index. “But while strong market returns have helped plans across the board this spring, the lowest funded plans simply do not have enough dollars in the market for these favorable conditions to boost their funded ratios appreciably. In the absence of more contributions from plan sponsors, these poorly funded plans might find themselves in a position where benefit reforms are necessary in order to maintain their ability to pay benefits.”

To view the Milliman 100 Public Pension Funding Index, go to <http://www.milliman.com/ppfi/>. 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 Public Pension Funding Index

For the past five years, Milliman has conducted an annual study of the 100 largest defined benefit plans sponsored by government jurisdictions in the U.S. The Milliman 100 Public Pension Funding Index projects the funded status for pension plans included in our study, reflecting the impact of actual market



returns, utilizing the actual reported asset values, liabilities, and asset allocations of the pension plans. The results of the Milliman 100 Public Pension Funding Index are based on the pension plan financial reporting information disclosed in the plan sponsors' Comprehensive Annual Financial Reports, which reflect measurement dates ranging from June 30, 2014, to December 31, 2015. This information was summarized as part of the Milliman 2016 Public Pension Funding Study, which was published on September 5, 2016.

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