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Press Release

Milliman analysis: Corporate pension funding up \$7 billion in November, \$41 billion in past three months

Investment gains, no change in liabilities spur Milliman 100 PFI funded ratio to climb to 85.2%

SEATTLE – DECEMBER 7, 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 November, these pensions experienced a \$7 billion improvement, increasing for the third month in a row and bringing the total funded status gain to \$41 billion since August 31. This three-month run marks the strongest performing period of 2017.

November's improvement was the result of robust 0.82% investment gains and pension plan liabilities that remained stagnant as the corporate bond interest rate used to value those liabilities was flat for the month. The funded ratio for the Milliman 100 plans ticked up 0.4% to 85.2% as of November 30.

"Barring a calamity in the next month, 2017 has been a stellar year with strong double-digit investment returns for corporate pensions," said Zorast Wadia, co-author of the Milliman 100 PFI. "If discount rates can hold and December investment returns mirror the past 11 months, the funded ratio for these plans will end higher than it was in 2016. Should discount rates end the year with a strong uptick, this will result in more funding optimism as we turn the corner into the new year."

Looking forward, under an optimistic forecast with rising interest rates (reaching 4.32% by the end of 2018 and 4.92% by the end of 2019) and asset gains (11.0% annual returns), the funded ratio would climb to 99% by the end of 2018 and 115% by the end of 2019. Under a pessimistic forecast (3.02% discount rate at the end of 2018 and 2.42% by the end of 2019 and 3.0% annual returns), the funded ratio would decline to 78% by the end of 2018 and 71% by the end of 2019.

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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