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FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Corporate pensions' investment losses in February buoyed by higher discount rates

Milliman 100 PFI funded status improves by \$13 billion, funded ratio rises to 87.7%

SEATTLE – MARCH 7, 2018 – 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 the market volatility in February, these pensions experienced a \$13 billion improvement in funded status thanks to an increase in the corporate bond rates used to measure pension liabilities. While the market value of assets for these pensions lost \$32 billion in February, plan liabilities also shrunk, narrowing the deficit from \$219 billion at the end of January to \$206 billion as of February 28. The funded ratio for the Milliman 100 PFI rose from 87.3% to 87.7% during the same time period.

“Despite the recent market volatility, February’s 21 basis point discount rate increase buoyed pension funding this month,” said Zorast Wadia, co-author of the Milliman 100 PFI. “In fact, thanks to strong investment performance in January along with an increase in discount rates in both January and February, overall pension funding for these plans has risen \$75 billion over the past two months – not a bad way to start 2018.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 4.45% by the end of 2018 and 5.05% 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 114% by the end of 2019. Under a pessimistic forecast (3.45% discount rate at the end of 2018 and 2.85% by the end of 2019 and 3.0% annual returns), the funded ratio would decline to 82% by the end of 2018 and 75% 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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