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Press Release

Milliman: Public pension funding falls back to 71.4% in 2018 Q1

Public pensions experience \$93 billion loss, see much of 2017’s robust funding gains washed away by volatile equity markets

SEATTLE – MAY 15, 2018 – Milliman, Inc., a premier global consulting and actuarial firm, today released the 2018 first quarter results of its Public Pension Funding Index (PPFI), which consists of the nation’s 100 largest public defined benefit pension plans. In Q1, these plans experienced a \$93 billion loss in funding, largely resulting from volatile equity markets that produced an aggregate -0.75% investment return for these plans. In comparison, the PPFI investment return for 2017 Q4 was 3.24%. From January 1, 2018 to March 31, 2018, the PPFI pensions saw their funded status drop from 73.1% to 71.4%.

FUNDED RATIO



“After more than a year of running smoothly, the market stubbed its toe in Q1,” said Becky Sielman, author of the Milliman 100 Public Pension Funding Index. “As a result, much of last year’s robust pension funding gains were washed away in early 2018.”

No plans in our index seem to have made it through the first quarter of 2018 unscathed, with estimated returns ranging from a low of -1.91% to a high of -0.03%; the Milliman 100 PPFI deficit grew from \$1.332 trillion to \$1.425 trillion during Q1.

The losses resulted in six plans dropping below the 90% funded mark, with 15 plans now over 90% funded, down from 21 as of 2017 Q4. At the other end of the spectrum, 26 of the 100 plans now have funded ratios below 60%, with 10 plans that remain below 40% funded.

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 six 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, 2015, to December 31, 2016. This information was summarized as part of the Milliman 2017 Public Pension Funding Study, which was published on October 5, 2017.

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