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FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Corporate pension funding drops by \$3 billion in August

Milliman 100 PFI funding ratios remain over 90% throughout 2018

SEATTLE – SEPTEMBER 12, 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. In August, these pensions experienced a \$3 billion drop in funded status due to a decrease in the benchmark corporate bond interest rates used to value pension liabilities. The monthly discount rate fell six basis points from 4.11% in July to 4.05% as of August 31. The projected benefit obligation (PBO) for these plans increased by \$12 billion during this time period, while the market value of assets rose by \$9 billion thanks to August's strong investment gains of 0.85%. The funding ratio for the Milliman 100 PFI dipped slightly during the month from 93.5% to 93.3%.

"The last time we saw the PFI funding ratio remain over 90% for eight months in a row was during 2008--directly preceding the financial market collapse," said Zorast Wadia, co-author of the Milliman 100 PFI. "Investment gains continue to buoy corporate pensions despite the continued low discount rate environment."

Looking forward, under an optimistic forecast with rising interest rates (reaching 4.25% by the end of 2018 and 4.85% by the end of 2019) and asset gains (10.8% annual returns), the funded ratio would climb to 98% by the end of 2018 and 114% by the end of 2019. Under a pessimistic forecast (3.85% discount rate at the end of 2018 and 3.25% by the end of 2019 and 2.8% annual returns), the funded ratio would decline to 91% by the end of 2018 and 84% by the end of 2019.

To view the complete Pension Funding Index, go to <http://us.milliman.com/PFI>. To see the 2018 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 18 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 2018 Pension Funding Study are



based on the pension plan accounting information disclosed in the footnotes to the companies' annual reports for the 2017 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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