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FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Corporate pensions experience largest one-month investment loss in a decade, but year-to-date funding remains healthy

Milliman 100 PFI funded status declines by \$13 billion, funded ratio drops to 93.4% in October

SEATTLE – NOVEMBER 9, 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 October, these pensions experienced a \$13 billion decline in funded status resulting from a significant investment loss of 3.42%. This brings the PFI's year-to-date investment performance to a loss of 1.99%; October 2018 marks the biggest one-month investment loss for these plans since January 2008's 3.57% loss. From September 30 to October 31, the PFI's asset value declined by \$57 billion, while the funded ratio dropped one percentage point from 94.4% to 93.4%.

October wasn't all bad news for corporate pensions, however. An increase in the benchmark corporate bond interest rates used to value pension liabilities helped offset the month's investment losses. The monthly discount rate rose 22 points, from 4.18% to 4.40%, resulting in a \$44 billion improvement in pension liabilities. This also marks the largest discount rate swing year-to-date.

"While October was a record-setting month by all accounts, plan sponsors should continue to keep their heads up as we approach the end of Q4," says Zorast Wadia, co-author of the Milliman 100 PFI. "Despite the month's substantial investment loss, overall funded status for these pensions remains up by \$117 billion for the year."

Looking forward, under an optimistic forecast with rising interest rates (reaching 4.50% by the end of 2018 and 5.10% by the end of 2019) and asset gains (10.8% annual returns), the funded ratio would climb to 96% by the end of 2018 and 111% by the end of 2019. Under a pessimistic forecast (4.30% discount rate at the end of 2018 and 3.70% by the end of 2019 and 2.8% annual returns), the funded ratio would decline to 92% by the end of 2018 and 86% 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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