



Contact: Mary Leong  
Milliman, Inc.  
Tel: +1 713 658 3018  
[Mary.Leong@milliman.com](mailto:Mary.Leong@milliman.com)

---

FOR IMMEDIATE RELEASE

**Press Release**

## **Milliman analysis: Estimated cost of retiree pension risk transfer as low as 100.3% in October, under competitive pricing rate**

**Average estimated cost of retiree pension risk transfer increases to 102.9%**

SEATTLE – NOVEMBER 17, 2020 – Milliman, Inc., a premier global consulting and actuarial firm, today announced the latest results of its Milliman Pension Buyout Index (MPBI). As the Pension Risk Transfer (PRT) market continues to grow, it has become increasingly important to monitor the annuity market for plan sponsors that are considering transferring retiree pension obligations to an insurer. While we continue to analyze annuity purchase rates from all insurers, Milliman has also expanded its research to reflect the impact of competitive pricing on estimated buyout cost.

During October, the average estimated cost to transfer retiree pension risk to an insurer increased by 60 basis points, from 102.3% of a plan's total liabilities to 102.9% of those liabilities. This means the average estimated retiree PRT cost for the month is now 2.9% more than those plans' retiree accumulated benefit obligation (ABO). Annuity purchase costs reflecting competition amongst insurers are even lower, at 100.3%, up from 100.2% in September.

"At just 100.3%, October's competitive buyout pricing trends continue to offer an attractive de-risking strategy for some plans," says Mary Leong, a consulting actuary with Milliman and co-author of the study. "Perhaps as a result, insurers have seen an uptick in pension risk transfer (PRT) activity in the third/fourth quarters of 2020, as plan sponsors complete transactions prior to year-end."

The MPBI uses the FTSE Above Median AA Curve, along with annuity purchase composite interest rates from eight insurers, to estimate the average and competitive costs of a PRT annuity de-risking strategy. Individual plan annuity buyouts can vary based on plan size, complexity, and competitive landscape.

To view the complete Milliman Pension Buyout Index, go to <https://www.milliman.com/mpbi>.

### **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](http://milliman.com).

###