



Contact: Becky Sielman
Milliman, Inc.
Tel: 860.687.0125
becky.sielman@milliman.com

FOR IMMEDIATE RELEASE

Press Release

Funded status of 100 largest U.S. public pensions holds up reasonably well in the face of volatility and uncertainty, according to Milliman estimates

SEATTLE – DECEMBER 3, 2020 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its 2020 Public Pension Funding Study (PPFS), which analyzes funding levels of the nation's 100 largest public pension plans, including an independent assessment on the expected real return of each plan's investments.

For Milliman's 2020 PPFS, the estimated aggregate funded ratio of the nation's largest public pension plans is 70.7% as of June 30, 2020, down from 72.7% reported in our 2019 study. The aggregate Total Pension Liability reported at the last fiscal year-ends (for most plans, this is June 30, 2019) was \$5.27 trillion, growing from \$5.07 trillion as of the prior fiscal year-ends. And between the 2019 and 2020 PPFS, over one quarter of the plans (28) lowered their interest rate assumptions, with 90 of the plans now reporting assumptions of 7.50% or below.

While the impact of the COVID-19 pandemic on public pensions' financials is not fully clear, plans in this year's PPFS experienced a huge swing in the estimated combined investment return, from -10.81% in Q1 2020 to 10.72% in Q2. More concrete evidence of the pandemic's impact will be available once next year's financial statements are published.

"Beyond market volatility, which has affected plan assets, we expect that furloughs and shutdowns as a result of the COVID-19 pandemic will impact pay levels and employee contribution amounts, while pressure on government budgets will make it hard to free up dollars to contribute to the plans to shore up their funding," says Becky Sielman, author of the PPFS. "But public plans have, by and large, shown great resiliency. They are designed and financed to function over a very long time horizon, and can take short-term setbacks in stride."

To view the full Milliman 100 Public Pension Funding Study, go to <http://www.milliman.com/ppfs/>. 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.

####