



Contact: Zorast Wadia
Milliman, Inc.
Tel: +1 646 473 3315
zorast.wadia@milliman.com

FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Corporate pension funded status improves by \$12 billion thanks to huge 5.03% investment gain for November

Milliman 100 PFI funded ratio climbs to 86.2%

SEATTLE – DECEMBER 7, 2020 – 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 November, the market value of assets for the PFI plans improved by \$77 billion thanks to massive investment returns for the month. November's 5.03% investment gain tops the whopping 4.68% return of April, putting 2020 in the record books for having two of the top 10 highest return months in the same year. This improvement was countered by a 24-basis point decrease in the monthly discount rate, however, which saw pension liabilities increase by \$65 billion. As a result, the funded status for the Milliman 100 PFI improved by only \$12 billion, while the funded ratio climbed from 85.2% at the end of October to 86.2% as of November 30.

"November's market returns were the highest gains of 2020 so far," said Zorast Wadia, author of the Milliman 100 PFI. "But the low discount rate environment continues to be a drag on funding, with the Milliman 100 plans down \$89 billion for the year overall. It would likely take both another stellar investment month, along with a significant discount rate increase, to end the year up from 2019."

Looking forward, under an optimistic forecast with rising interest rates (reaching 3.12% by the end of 2021 and 3.72% by the end of 2022) and asset gains (10.5% annual returns), the funded ratio would climb to 103% by the end of 2021 and 121% by the end of 2022. Under a pessimistic forecast (1.82% discount rate by the end of 2021 and 1.22% by the end of 2022 and 2.5% annual returns), the funded ratio would decline to 79% by the end of 2021 and 73% by the end of 2022.

To view the complete Pension Funding Index, go to www.milliman.com/pfi. To see the 2020 Milliman Pension Funding Study, go to www.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.

###