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FOR IMMEDIATE RELEASE

**Press Release**

## **Milliman analysis: Corporate pensions end 2020 with funded ratio of 88.2%**

**Milliman PFI discount rate hits year-end record low of 2.46% but annual asset return for 2020 was strong at 11.72%**

SEATTLE – JANUARY 8, 2021 – Milliman, Inc., a premier global consulting and actuarial firm, today released the year-end results of its latest Pension Funding Index (PFI), which analyzes the 100 largest U.S. corporate pension plans. In 2020, corporate pension funding ended down \$50 billion for the year, with the funding ratio dropping from 89.8% at the end of 2019 to 88.2% as of December 31, 2020.

Plan assets outperformed expectations, posting an annual return of 11.72% and a gain of \$125 billion. But record-low discount rates resulted in plan liabilities increasing as well, by \$175 billion during 2020. As of December 31, the Milliman 100 discount rate had fallen 74 basis points, from 3.20% at the end of 2019 to 2.46% a year later.

“Year-end discount rates have declined in seven of the last 10 years, hitting a new record-low in 2020; however, asset returns for the Milliman 100 plans have exceeded return expectations in seven of the last 10 years as well and have been limiting funded status erosion,” said Zorast Wadia, author of the Milliman 100 PFI. “As we move into 2021, plan sponsors will likely be eyeing the new congress and White House administration and ensuing corporate tax policy changes that may impact the pension funding environment, such as an extension of interest rate relief under the Pension Protection Act.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 3.06% by the end of 2021 and 3.66% by the end of 2022) and asset gains (10.5% annual returns), the funded ratio would climb to 104% by the end of 2021 and 123% by the end of 2022. Under a pessimistic forecast (1.86% discount rate at the end of 2021 and 1.26% by the end of 2022 and 2.5% annual returns), the funded ratio would decline to 81% by the end of 2021 and 75% by the end of 2022.

To view the complete Pension Funding Index, go to [www.milliman.com/pfi](http://www.milliman.com/pfi). To see the 2020 Milliman Pension Funding Study, go to [www.milliman.com/pfs](http://www.milliman.com/pfs). To receive regular updates of Milliman’s pension funding analysis, contact us at [pensionfunding@milliman.com](mailto:pensionfunding@milliman.com).

### **About Milliman**

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