



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

FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Corporate pension funding status returns to year's highest level thanks to surge in discount rates

Milliman 100 PFI funded ratio improves to 103.6% in September despite market losses

SEATTLE – OCTOBER 6, 2023 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its latest Milliman 100 Pension Funding Index (PFI), which analyzes the 100 largest U.S. corporate pension plans.

During September, the Milliman 100 PFI funding ratio rose from 103.1% at the end of August to 103.6% as of September 30. A substantial 43-basis-point jump in the monthly discount rate, from 5.41% in August to 5.84% in September, drove this result. Discount rates have not risen this much since September 2022 and have not been this high since March 2010. The increase helped to offset September's investment losses of 3.73%, the worst month of the year, as the market value of plan assets declined by \$55 billion, to \$1.269 trillion. Over the quarter, amid fluctuating returns and discount rates, the plans' funded surplus improved by \$12 billion.

"September was a record month of sorts, even though the net movement in funded ratio was modest," said Zorast Wadia, author of the PFI. "September returns were the lowest of the year, yet the rise in discount rates was the largest monthly change we've seen in the last 12 months. In the end, this rise and the corresponding \$60 billion liability drop outweighed September's decrease in assets due to down markets."

Looking forward, under an optimistic forecast with rising interest rates (reaching 5.99% by the end of 2023 and 6.59% by the end of 2024) and asset gains (9.8% annual returns), the funded ratio would climb to 107% by the end of 2023 and 119% by the end of 2024. Under a pessimistic forecast (5.69% discount rate at the end of 2023 and 5.09% by the end of 2024 and 1.8% annual returns), the funded ratio would decline to 101% by the end of 2023 and 92% by the end of 2024.

To view the complete Pension Funding Index, go to www.milliman.com/pfi. To see Milliman's full range of annual Pension Funding Studies, go to <https://www.milliman.com/en/retirement-and-benefits/pension-funding-studies>. 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.

###