



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

FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Corporate pension funding ratio climbs to 111.6% as discount rates rise in February

Milliman 100 PFI funded status improves by \$21 billion despite market losses

SEATTLE – MARCH 9, 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 February, the Milliman 100 PFI funded ratio rose from 109.6% at the end of January to 111.6% on February 28. This improvement was driven by a 39-basis-point increase in the monthly discount rate, from 4.85% for January to 5.24% for February. As a result, the PFI projected benefit obligation declined from \$1.387 trillion on January 31 to \$1.325 trillion at the end of February. Meanwhile, February's investment losses of 2.23% eroded the market value of plan assets by roughly \$40 billion during the period.

"So far, discount rates have yo-yoed in 2023 and are up just two basis points since the beginning of January," said Zorast Wadia, co-author of the PFI. "For the past 12 months, since March 2022, we have seen substantial market losses and volatility—yet the plans' funded status surplus has improved by \$142 billion thanks to the substantial discount rate increases that occurred during 2022."

Looking forward, under an optimistic forecast with rising interest rates (reaching 5.74% by the end of 2023 and 6.34% by the end of 2024) and asset gains (9.9% annual returns), the funded ratio would climb to 123% by the end of 2023 and 139% by the end of 2024. Under a pessimistic forecast (4.74% discount rate at the end of 2023 and 4.14% by the end of 2024 and 1.9% annual returns), the funded ratio would decline to 103% by the end of 2023 and 94% 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.