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FOR IMMEDIATE RELEASE

**Press Release**

## **Milliman analysis: Competitive pension risk transfer costs in April hit seven-month low**

**Competitive bidding process saves about 3.7% of buyout costs as of April 30**

SEATTLE – MAY 25, 2023 – Milliman, Inc., a premier global consulting and actuarial firm, today announced the latest results of its Milliman Pension Buyout Index (MPBI). As the pension risk transfer (PRT) market continues to grow, it has become increasingly important to monitor the annuity market for plan sponsors that are considering transferring retiree pension obligations to an insurer.

During April, the estimated cost to transfer retiree pension risk to an insurer in a competitive bidding process decreased from 99.3% of a plan's total liabilities to 98.3% of those liabilities. That means the estimated retiree PRT cost is now 98.3% of the plans' retiree accumulated benefit obligation. During the same time period, the average annuity purchase cost across all insurers in our index also decreased, from 102.6% to 101.9%. The competitive bidding process is estimated to save plan sponsors about 3.7% of PRT costs as of April 30.

"Competitive buyout costs stayed below 100% for the fourth consecutive month, dropping a full percentage point during April and reaching their lowest levels since September," said Jake Pringle, a principal at Milliman and co-author of the MPBI. "The downward movement we're seeing in Q2 suggests that the pension risk transfer market is likely to stay hot for the remainder of 2023."

The MPBI uses the FTSE Above Median AA Curve, along with annuity purchase composite interest rates from nine insurers, to estimate the competitive and average costs of a PRT annuity de-risking strategy. Individual plan annuity buyouts can vary based on plan size, complexity, and competitive landscape.

To view the complete Milliman Pension Buyout Index, go to <https://www.milliman.com/mpbi>. To receive regular updates with Milliman's pension buyout analysis, contact us at [pensionbuyout@milliman.com](mailto:pensionbuyout@milliman.com).

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