



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 improves in May after discount rates rise yet again

Milliman 100 PFI funded status climbs to 100.7%, moving from deficit to surplus

SEATTLE – JUNE 7, 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 May, the Milliman 100 PFI funding ratio rose from 99.6% on April 30 to 100.7% as of May 31. The increase was due to a 27-basis-point rise in the monthly discount rate, from 4.92% in April to 5.19% for May. This caused the PFI projected benefit obligation to drop by \$41 billion in May, to \$1.320 trillion. Meanwhile, investment returns of -1.49% for the month caused the market value of PFI plan assets to fall by \$26 billion, to \$1.329 trillion, as of May 31.

“Back in April, the plans shifted from surplus to deficit, but in May they did the opposite, once again rising above the fully funded mark,” said Zorast Wadia, author of the PFI. “Continued fluctuations in discount rate activity are behind this funded status oscillation.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 5.54% by the end of 2023 and 6.14% by the end of 2024) and asset gains (9.8% annual returns), the funded ratio would climb to 108% by the end of 2023 and 121% by the end of 2024. Under a pessimistic forecast (4.84% discount rate at the end of 2023 and 4.24% by the end of 2024 and 1.8% annual returns), the funded ratio would decline to 95% by the end of 2023 and 87% 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

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