



Contact: Jake Pringle
Milliman, Inc.
Tel: +1 713 202 0819
jake.pringle@milliman.com

FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Competitive pension risk transfer costs inch up, from 100.1% to 100.2% in July

Competitive bidding process saves about 2.7% of buyout costs as of July 31

SEATTLE – AUGUST 21, 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 July, the estimated cost to transfer retiree pension risk to an insurer in a competitive bidding process increased from 100.1% of a plan's accounting liabilities (accumulated benefit obligation, or ABO) to 100.2% of those liabilities. That means the estimated retiree PRT cost is now 100.2% of a plans' ABO. During the same time period, the average annuity purchase cost across all insurers in our index also increased, from 102.7% to 102.9%. The competitive bidding process is estimated to save plan sponsors about 2.7% of PRT costs as of June 30.

"In July, the Fed raised interest rates to the highest level in over 20 years and the competitive annuity index kept pace, staying right around 100% of accounting liabilities," said Jake Pringle, a Milliman principal and co-author of the MPBI. "With the considerable volume of PRT transactions in 2023, insurers could be close to hitting capacity as we finish up Q3. We will continue to monitor these trends as we move in to the final quarter of the year."

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.

About Milliman

Milliman is among the world's largest providers of actuarial, risk management, and technology solutions. Our consulting and advanced analytics capabilities encompass 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. Visit us at Milliman.com.

###