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Press Release

Milliman analysis: Corporate pension funded status suffers 2024's largest monthly drop in August

Milliman PFI funded ratio dips to 102.8% after discount rates fall 20 basis points

SEATTLE – SEPTEMBER 10, 2024 – 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 August, the Milliman 100 PFI plans' funded ratio dropped from 103.6% at the end of July to 102.8% as of August 31. Although the month's investment gains of 1.81% lifted the plans' market value by \$17 billion, to \$1.347 trillion at the end of the period, this was not enough to compensate for a 20-basis-point decline in discount rates for the month. As discount rates slid from 5.30% in July to 5.10% in August, the plans' projected benefit obligation rose \$27 billion, to \$1.310 trillion, while their funding surplus shrank by \$10 billion, reaching \$36 billion as of August 31.

"August's funded ratio drop was the largest monthly decline of 2024," said Zorast Wadia, author of the PFI. "As in July, both assets and liabilities increased during the month, but investment gains weren't enough to offset liability increases. With markets falling from all-time highs and discount rates starting to show declines, pension funded status volatility is likely in the months ahead, underscoring the prudence of asset-liability matching strategies for plan sponsors."

Looking ahead, under an optimistic forecast with rising interest rates (reaching 5.30% by the end of 2024 and 5.90% by the end of 2025) and annual asset returns of 10.4%, the funded ratio would reach 107% by the end of 2024 and 120% by the end of 2025. Under a pessimistic forecast with similar interest rate and asset movements (4.90% discount rate at the end of 2024 and 4.30% by the end of 2025 and 2.4% annual asset returns), the funded ratio would be 100% by the end of 2024 and 90% by the end of 2025.

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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