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Press Release

Milliman analysis: Public pension funded ratio climbs to 72.2% in Q2 2019 with aggregate asset gains of 2.66%

Milliman PPFi plans have recovered majority of investment losses from Q4 2018

SEATTLE – JULY 29, 2019 – Milliman, Inc., a premier global consulting and actuarial firm, today released the second quarter 2019 results of its Public Pension Funding Index (PPFI), which consists of the nation's 100 largest public defined benefit pension plans. In Q2 2019, these plans experienced a \$50 billion jump in funding, largely due to solid investment gains of 2.66% in aggregate. Estimated returns for these plans in Q2 ranged from a low of 1.33% to a high of 4.39%. When combined with the stellar gains made in Q1, PPFi plans have now mostly recovered the investment losses they suffered in the final quarter of 2018. The PPFi's overall funded ratio increased over the last quarter, from 71.0% at the end of March to 72.2% as of June 30, 2019.

"Public pension funded ratios are basically back where they were a year ago," said Becky Sielman, author of the Milliman 100 Public Pension Funding Index, "but over the past twelve months annualized returns, at 6.0%, fell short of long-term expectations. It's good to remember that investment horizons for these plans are measured in decades, so short-term fluctuations are something plan sponsors have to live with to reap long-term rewards."

QUARTERLY INVESTMENT RETURNS



As of June 30, 2019, the PPFi deficit stands at \$1.458 trillion compared to \$1.508 trillion at the end of March. The total pension liability (TPL) continues to grow, and stood at an estimated \$5.247 trillion at the end of Q2, up from \$5.205 trillion at the end of Q1 2019. A deeper analysis around funding, investment assumptions, and discount rates will be available later this summer as part of Milliman's

annual Public Pension Funding Study.

To view the Milliman 100 Public Pension Funding Index, go to <http://www.milliman.com/ppfi/>. 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.

About the Milliman Public Pension Funding Index

Since 2012, Milliman has conducted an annual study of the 100 largest defined benefit plans sponsored by government jurisdictions in the U.S. The Milliman 100 Public Pension Funding Index projects the funded status for pension plans included in our study, reflecting the impact of actual market returns, utilizing the actual reported asset values, liabilities, and asset allocations of the pension plans. The results of the Milliman 100 Public Pension Funding Index are based on the pension plan financial reporting information disclosed in the plan sponsors' Comprehensive Annual Financial Reports, which reflect measurement dates ranging from June 30, 2016, to December 31, 2017. This information was summarized as part of the Milliman 2018 Public Pension Funding Study, which was published on January 15, 2019.

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