FOR IMMEDIATE RELEASE

Milliman analysis: Corporate pension funded ratio climbs to 97.1% in August

Milliman 100 PFI funded status improves by $28 billion

SEATTLE – SEPTEMBER 9, 2021 – 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, a rise in discount rates combined with asset gains resulted in a $28 billion funded status improvement. The PFI monthly discount rate climbed from 2.59% in July to 2.65% in August, lowering PFI pension liabilities by $18 billion, while a 0.90% investment return added $10 billion to the market value of assets. The funded ratio climbed from 95.7% at the end of July to 97.1% as of August 31.

“August’s improvement reverses a two-month decline in corporate pension funding,” said Zorast Wadia, author of the Milliman 100 PFI. “Zooming out, while asset gains have been above-average for five consecutive months, discount rates have been below 3.00% for all but one of the past 12 months.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 2.85% by the end of 2021 and 3.45% by the end of 2022) and asset gains (10.2% annual returns), the funded ratio would climb to 102% by the end of 2021 and 119% by the end of 2022. Under a pessimistic forecast (2.45% discount rate at the end of 2021 and 1.85% by the end of 2022 and 2.2% annual returns), the funded ratio would decline to 94% by the end of 2021 and 86% by the end of 2022.

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.

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Contact: Zorast Wadia
Milliman, Inc.
Tel: +1 646 473 3315
zorast.wadia@milliman.com