FOR IMMEDIATE RELEASE

Milliman analysis: Corporate pension funded ratio declines to 97.6% in November due to investment losses

Milliman 100 PFI updates funding forecast out to the year 2023

SEATTLE – DECEMBER 7, 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.

In November, a 0.36% investment loss for these plans was only slightly alleviated by a $3 billion liability improvement, leading to an $11 billion drop in the PFI funded status. The discount rate remained flat for the month at 2.72%, with no change in the benchmark corporate bond interest rates used to value pension liabilities. The funded ratio for these plans declined from 98.2% at the end of October to 97.6% as of November 30.

“While November was a down month for corporate pensions, the past 12 months have seen significant improvement, climbing from 88.5% to 97.6% as of November 30th,” said Zorast Wadia, author of the Milliman 100 PFI.

“Looking forward, if these pensions achieve the PFI expected return of 6.2% and maintain the current discount rate of 2.72%, the plans will be more than fully funded – at 101.2% - by the end of 2022.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 3.37% by the end of 2022 and 3.97% by the end of 2023) and asset gains (10.2% annual returns), the funded ratio would climb to 115% by the end of 2022 and 134% by the end of 2023. Under a pessimistic forecast (2.07% discount rate at the end of 2022 and 1.47% by the end of 2023 and 2.2% annual returns), the funded ratio would decline to 88% by the end of 2022 and 80% by the end of 2023.

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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