



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

FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Corporate pension funded ratio climbs to 101.4% despite market downturn, highest in 13 years

Milliman 100 PFI experiences funding surplus of \$24 billion at the end of January

SEATTLE – FEBRUARY 8, 2022 – 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.

Despite investment losses in January, the 100 largest U.S. corporate pensions moved into the black, with a \$24 billion funding surplus at the end of the month. An increase in the benchmark corporate bond interest rates used to value pension liabilities led to an \$82 billion liability improvement, offsetting the \$54 billion drop in asset values from January's market downturn.

As a result, the funded ratio for the PFI plans rose from 99.8% at the end of December to 101.4% as of January 31. This is the highest funded ratio for these plans in over 13 years, since August 2008.

"The discount rate climbed above 3.00% for the first time in nearly a year, lifting pension funding despite the market slide," said Zorast Wadia, author of the Milliman 100 PFI. "With the Fed likely to raise interest rates in Q1, we could see further liability decreases for these plans."

Looking forward, under an optimistic forecast with rising interest rates (reaching 3.67% by the end of 2022 and 4.27% by the end of 2023) and asset gains (10.2% annual returns), the funded ratio would climb to 116% by the end of 2022 and 134% by the end of 2023. Under a pessimistic forecast (2.57% discount rate at the end of 2022 and 1.97% by the end of 2023 and 2.2% annual returns), the funded ratio would decline to 93% by the end of 2022 and 85% 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.

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.

###