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Press Release

Milliman analysis: Corporate pensions funded at 102.4% at end of February, despite market downturn

Milliman 100 PFI experiences \$46 billion funding surplus due to rising discount rates

SEATTLE – MARCH 9, 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 two months of investment losses, the 100 largest U.S. corporate pensions moved further into the black, ending February with a \$46 billion funding surplus. Rising discount rates, which climbed from 3.12% to 3.36% for the month, resulted in a \$56 billion liability improvement and offset February's investment losses of 1.40%.

Despite the \$31 billion drop in the market value of assets, the Milliman 100 funded ratio climbed from 100.9% at the end of January to 102.4% as of February 28. It is notable that funding has improved despite heavy financial market declines in the first two months of 2022.

“What we’re seeing so far this year is the polar opposite story to 2021, with discount rates as the unlikely hero,” said Zorast Wadia, author of the Milliman 100 PFI. “Asset values are significantly down so far in 2022, but rising discount rates have kept corporate pension funding climbing – which only underscores the impact low discount rates have had on these pensions over the past year.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 3.86% by the end of 2022 and 4.46% 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 133% by the end of 2023. Under a pessimistic forecast (2.86% discount rate at the end of 2022 and 2.26% by the end of 2023 and 2.2% annual returns), the funded ratio would decline to 95% by the end of 2022 and 87% 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

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