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Press Release

Milliman analysis: Corporate pension funded ratio dips to 106.3% as of June 30

Milliman 100 PFI monthly discount rate hits 4.59%, highest since December 2013

SEATTLE – JULY 11, 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.

During June, the funded status for the Milliman 100 PFI decreased by \$13 billion, breaking a six-month streak of funding improvements. The market value of assets fell by \$58 billion as a result of June's 3.20% investment loss, which was the second largest monthly investment loss in 2022 to-date. Countering the drop in asset values, pension liabilities decreased by \$44 billion thanks to a 25-basis point increase in the monthly discount rate, from 4.34% to 4.59%. As of June 30, the PFI funded ratio stands at 106.3%, down from 107.1% at the end of May.

"The last time we saw discount rates this high was December 2013, almost nine years ago," said Zorast Wadia, co-author of the PFI. "While asset losses caused a slight drop in the funded ratio in June, these plans still remain well over 100% funded halfway through 2022."

Looking forward, under an optimistic forecast with rising interest rates (reaching 4.89% by the end of 2022 and 5.49% by the end of 2023) and asset gains (9.90% annual returns), the funded ratio would climb to 113% by the end of 2022 and 128% by the end of 2023. Under a pessimistic forecast (4.29% discount rate at the end of 2022 and 3.69% by the end of 2023 and 1.90% annual returns), the funded ratio would decline to 101% by the end of 2022 and 92% 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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