FOR IMMEDIATE RELEASE

Milliman analysis: Corporate pension funded status continues to slide in July

PFI funded ratio decreased to 95.8% as lower interest rates drive liability increases

SEATTLE – AUGUST 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 July, a drop in the monthly discount rate – from 2.74% in June to 2.59% in July – drove an increase in pension liabilities which offset these plans’ asset gains for the month. Overall, funding for the Milliman 100 corporate pensions decreased by $25 billion, despite a 1.10% investment return. The funded ratio slid from 97.1% reported in June to 95.8% as of July 31.

“While corporate pensions are still ahead of where they were at the start of 2021 – when the funded ratio was 90.3% – full-funding is slipping further away,” said Zorast Wadia, author of the Milliman 100 PFI. “This two-month decrease in discount rates is driving what would have otherwise been a banner year for corporate pensions.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 2.84% by the end of 2021 and 3.44% 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 (2.34% discount rate at the end of 2021 and 1.74% by the end of 2022 and 2.2% annual returns), the funded ratio would decline to 92% by the end of 2021 and 84% 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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