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FOR IMMEDIATE RELEASE

**Press Release**

## **Milliman analysis: Corporate pension asset values drop in September for the first time in six months, funded ratio dips to 84.5%**

### **Milliman 100 PFI funded status worsens by \$8 billion during September**

SEATTLE – OCTOBER 6, 2020 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its latest Pension Funding Index (PFI), which analyzes the 100 largest U.S. corporate pension plans.

In September, corporate pensions experienced an investment loss of -0.74% – a \$17 billion decline in asset values – marking the first time in six months that returns have not been above-average. At the same, the monthly discount rate climbed slightly, from 2.54% at the end of August to 2.57% as of September 30, lowering pension liabilities by \$9 billion for the month. As a result, the Milliman 100 PFI funded status declined by \$8 billion during September, with the funded ratio dropping slightly from 85.0% to 84.5%.

“This was a dizzying few months for corporate pensions, with discount rates hitting historic lows while investment returns had equally noteworthy gains,” said Zorast Wadia, author of the Milliman 100 PFI. “However, the result was a solid third quarter for the Milliman 100 plans, with the funded ratio improving from 83.5% at the end of June to 84.5% as of September 30.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 2.72% by the end of 2020 and 3.32% by the end of 2021) and asset gains (10.5% annual returns), the funded ratio would climb to 88% by the end of 2020 and 103% by the end of 2021. Under a pessimistic forecast (2.42% discount rate by the end of 2020 and 1.82% by the end of 2021 and 2.5% annual returns), the funded ratio would decline to 83% by the end of 2020 and 76% by the end of 2021.

To view the complete Pension Funding Index, go to [www.milliman.com/pfi](http://www.milliman.com/pfi). To see the 2020 Milliman Pension Funding Study, go to [www.milliman.com/pfs](http://www.milliman.com/pfs). To receive regular updates of Milliman’s pension funding analysis, contact us at [pensionfunding@milliman.com](mailto: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](http://milliman.com).

### **About the Milliman Pension Funding Study**

For the past 20 years, Milliman has conducted an annual study of the 100 largest defined benefit pension plans sponsored by U.S. public companies. The results of the Milliman 2020 Pension Funding Study are



based on the pension plan accounting information disclosed in the footnotes to the companies' annual reports for the 2019 fiscal year and for previous fiscal years. These figures represent the GAAP accounting information that public companies are required to report under Financial Accounting Standards Board Accounting Standards Codification Subtopics 715-20, 715-30, and 715-60. In addition to providing the financial information on the funded status of their U.S. qualified pension plans, the footnotes may also include figures for the companies' nonqualified and foreign plans, both of which are often unfunded or subject to different funding standards from those for U.S. qualified pension plans. The information, data, and footnotes do not represent the funded status of the companies' U.S. qualified pension plans under ERISA.

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