



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

FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Despite investment gains, corporate pensions' funded ratio drops to 84.0% in April

Milliman 100 PFI funded status deficit increases to \$299 billion

SEATTLE – MAY 15, 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 April, corporate pensions saw their funding ratios decline as discount rates dropped below 3%, nearing all-time PFI lows and offsetting positive investment gains for the month.

April saw the funding deficit of the Milliman 100 PFI swell to \$299 billion, from \$241 billion at the end of March. This worsening of the deficit was the result of a 47 basis point decrease in the monthly discount rate, from 3.39% to 2.92% during April. The decrease in funding was partially offset by a \$55 billion increase in the market value of assets, with PFI plans experiencing a 3.93% investment gain for the month. Still, April's PFI funding ratio fell from 86.3% to 84.0% as a result of the lower discount rates.

"Despite promising investment returns, that familiar antagonist – low discount rates – has struck corporate pensions again in April, eroding any market rebound pensions might have experienced," said Zorast Wadia, author of the Milliman 100 PFI.

Looking forward, under an optimistic forecast with rising interest rates (reaching 3.32% by the end of 2020 and 3.92% by the end of 2021) and asset gains (10.5% annual returns), the funded ratio would climb to 93% by the end of 2020 and 109% by the end of 2021. Under a pessimistic forecast (2.52% discount rate by the end of 2020 and 1.92% by the end of 2021 and 2.5% annual returns), the funded ratio would decline to 79% by the end of 2020 and 73% by the end of 2021.

To view the complete Pension Funding Index, go to www.milliman.com/pfi. To see the 2020 Milliman Pension Funding Study, go to www.milliman.com/pfs. 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.

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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