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Press Release

Milliman analysis: Corporate pension funding ratio drops to 109.3% as discount rates fall in January

Milliman 100 PFI funded status declines by \$4 billion

SEATTLE – FEBRUARY 8, 2023 – 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 January, the Milliman 100 PFI funded ratio declined to 109.3% on January 31 from 110.0% to start the year. The drop was due to a 37-basis-point decline in the monthly discount rate, from 5.22% in December to 4.85% at the end of January. As a result, the PFI projected benefit obligation rose to \$1.387 trillion at the end of January, from \$1.331 trillion at the end of December. This outpaced investment gains of 3.97%, which lifted the market value of plan assets by \$51 billion.

"Although the PFI funded ratio declined in January, it increased from 99.1% over the previous 12 months thanks to discount rate rises throughout 2022," said Zorast Wadia, co-author of the PFI. "January's robust investment returns also were in stark contrast to the plans' cumulative asset losses of 7.43% over the trailing 12 months."

Looking forward, under an optimistic forecast with rising interest rates (reaching 5.40% by the end of 2023 and 6.00% by the end of 2024) and asset gains (9.9% annual returns), the funded ratio would climb to 122% by the end of 2023 and 138% by the end of 2024. Under a pessimistic forecast (4.30% discount rate at the end of 2023 and 3.70% by the end of 2024 and 1.9% annual returns), the funded ratio would decline to 100% by the end of 2023 and 91% by the end of 2024.

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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