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Press Release

Milliman analysis: Despite global pandemic, corporate pension performance for FY 2020 improves slightly over FY 2019

PFS pensions end 2020 at 88.4% funded, experience nearly matching growth in both assets and liabilities in 2020

SEATTLE – APRIL 7, 2021 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its 2021 Corporate Pension Funding Study (PFS), which analyzes the 100 largest U.S. corporate pension plans. This marks the 21st consecutive year in which the report has been published.

In 2020, despite a 67-basis-point decline in the discount rate, the funded ratio for the Milliman 100 plans climbed slightly, from 87.5% at fiscal year-end (FYE) 2019 to 88.4% at FYE 2020. The year-over-year improvement was the result of better-than-expected investment returns of 13.4%, leading to a PFS all-time-high in the market value of assets, at \$1.77 trillion. After accounting for contributions and benefit payments including settlements, the total asset growth for the year was 9%.

However, this improvement in plan assets was offset by an 8% growth in pension liabilities, with the discount rate dropping from 3.08% at FYE 2019 to 2.41% at FYE 2020. This marks the first time in the 21-year history of the PFS that the discount rate has dropped below 3.00%. Other items of interest from the 2021 PFS include:

- Pension expense (the charge to the income statement under Accounting Standards Codification Subtopic 715) decreased to \$17.7 billion in FY 2020 from \$26.1 billion in FY2019.
- 19 plans had a funded ratio of at least 100% compared to 14 plans from the 2020 Milliman PFS.
- Among the Milliman 100 pension plans, settlement payouts totaled an estimated \$15.8 billion in FY 2020, up from the \$13.5 billion in FY 2019.
- Average return on asset expectations for FY 2020 were lowered to 6.2% per year from 6.5% per year for FY 2019. This was the largest annual drop in return expectations experienced over the last decade.

“Corporate pensions demonstrated their resilience in 2020 amidst a turbulent year of market volatility, declining discount rates, and employer stressors,” says Zorast Wadia, co-author of Milliman’s Pension Funding Study. “With a possible end in sight to the pandemic, and funding relief such as the CARES Act and now the American Rescue Plan Act of 2021, the outlook for these plans is much better than it was twelve months ago.”

To view the complete 2021 Milliman Corporate 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.

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