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Press Release

Milliman analysis: Multiemployer pension plans funded at 91% overall at year-end 2021

SEATTLE – FEBRUARY 14, 2022 – Milliman, Inc., a premier global consulting and actuarial firm, today released the 2021 year-end results of its Multiemployer Pension Funding Study (MPFS), which analyzes the funded status of all multiemployer defined benefit pension plans in the United States.

As of December 31, 2021, the aggregate funded percentage of all multiemployer plans climbed to 91%, from 88% the year prior. The study's assumed asset portfolio earned 12.0% for the year. Strong investment returns lifted multiemployer pension funding in 2021, despite increased pension liabilities due to declining discount rates. The average discount rate is now below 7.0%, with nearly half of all plans lowering their discount rate over the past five years.

"Data is just beginning to come in that shows the effect of COVID-19 on multiemployer pensions, though the magnitude of the impact will vary by plan and industry," says Nina Lantz, a principal at Milliman and co-author of the MPFS. "We saw a decrease in total contributions for better funded plans – likely because of lower workforce levels – however total contributions for critical plans increased during the pandemic due in part to rehabilitation plan requirements or withdrawal liability income."

As of 2021 year-end, over half of all plans in the MPFS were 100% funded or better, and 80% of plans have a funded ratio of at least 80%. There remains roughly 10% of plans in the study that are under 60% funded. Many of these plans are likely to apply for Special Financing Assistance (SFA) provided by the American Rescue Plan Act of 2021, which was passed back in March 2021. To date, five plans have been approved for SFA totaling nearly \$1 billion. SFA amounts are expected to have a meaningful impact of funding percentages in the years to come.

To view the complete study, go to www.milliman.com/mpfs. 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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