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FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Corporate pension funded status continues to slide in July

PFI funded ratio decreased to 95.8% as lower interest rates drive liability increases

SEATTLE – AUGUST 9, 2021 – 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 July, a drop in the monthly discount rate – from 2.74% in June to 2.59% in July – drove an increase in pension liabilities which offset these plans' asset gains for the month. Overall, funding for the Milliman 100 corporate pensions decreased by \$25 billion, despite a 1.10% investment return. The funded ratio slid from 97.1% reported in June to 95.8% as of July 31.

“While corporate pensions are still ahead of where they were at the start of 2021 – when the funded ratio was 90.3% – full-funding is slipping further away,” said Zorast Wadia, author of the Milliman 100 PFI. “This two-month decrease in discount rates is driving what would have otherwise been a banner year for corporate pensions.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 2.84% by the end of 2021 and 3.44% by the end of 2022) and asset gains (10.2% annual returns), the funded ratio would climb to 102% by the end of 2021 and 119% by the end of 2022. Under a pessimistic forecast (2.34% discount rate at the end of 2021 and 1.74% by the end of 2022 and 2.2% annual returns), the funded ratio would decline to 92% by the end of 2021 and 84% by the end of 2022.

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

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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