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FOR IMMEDIATE RELEASE

**Press Release**

## **Milliman analysis: Corporate pension funded status improves by \$21 billion in October**

**Milliman 100 PFI funded ratio climbs to 85.1%**

SEATTLE – NOVEMBER 5, 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 October, the funded status of these plans improved by \$21 billion, primarily due to liability gains resulting from an increase in the benchmark corporate bond interest rates used to value those liabilities. The monthly discount rate rose 14 basis points for the month, from 2.57% to 2.71%. As a result, the PFI deficit declined to \$285 billion, the lowest it's been since March 2020. At the same time, October's investment loss of 0.93% resulted in a \$20 billion decrease to the market value of assets. The funded ratio for the Milliman 100 PFI rose slightly, from 84.4% at the end of September to 85.1% as of October 31.

"All eyes are on the presidential election this month, and what the results might mean for interest rates and investment returns going into year-end," said Zorast Wadia, author of the Milliman 100 PFI. "As discount rates tick back up for the third consecutive month, executives should be paying close attention to market movements coming out of this election cycle."

Looking forward, under an optimistic forecast with rising interest rates (reaching 2.81% by the end of 2020 and 3.41% by the end of 2021) and asset gains (10.5% annual returns), the funded ratio would climb to 87% by the end of 2020 and 103% by the end of 2021. Under a pessimistic forecast (2.61% discount rate by the end of 2020 and 2.01% by the end of 2021 and 2.5% annual returns), the funded ratio would decline to 84% by the end of 2020 and 77% by the end of 2021.

To view the complete Pension Funding Index, go to [www.milliman.com/pfi](http://www.milliman.com/pfi). To see the 2020 Milliman Pension Funding Study, go to [www.milliman.com/pfs](http://www.milliman.com/pfs). To receive regular updates of Milliman's pension funding analysis, contact us at [pensionfunding@milliman.com](mailto: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](http://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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