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Press Release

Milliman analysis: Public pensions' funded ratio soars to record-setting 78.6% in Q4 2020

Milliman PPFi plans' funded status improves by whopping \$322 billion thanks to 8.36% investment returns

SEATTLE – JANUARY 21, 2020 – Milliman, Inc., a premier global consulting and actuarial firm, today released the fourth quarter 2020 results of its Public Pension Funding Index (PPFI), which consists of the nation's 100 largest public defined benefit pension plans.

Public pensions had a stellar final quarter of 2020, with the funded status of the Milliman 100 plans increasing from 72.6% at the end of September to 78.6% as of December 31. This funded ratio is the highest recorded in the history of Milliman's Public Pension Funding Study and marks quite a swing from Q1 2020, at the onset of the COVID-19 pandemic, when the funded ratio hit a low of 66.0%.

"The first and fourth quarters of 2020 illustrate just how closely public pension funding is tied to the vagaries of the market," said Becky Sielman, author of Milliman's Public Pension Funding Study. "Given the swings we saw this past year, the start of 2021 is a good time for plan sponsors to revisit their plans' investment portfolios to make sure the investment strategy matches their current risk appetite."

In aggregate, PPFi plans experienced an estimated investment return of 8.36% in Q4 2020, resulting in a \$388 billion gain in the market value of assets. This was offset by approximately \$25 billion flowing out of the plans, as benefits paid out exceeded contributions coming in from employers and plan members. Twenty-nine plans now stand above the 90% funded mark, compared with 12 plans at the end of Q2 2020. Meanwhile, at the lower end of the spectrum, four plans moved above 60% funded, bringing the total number of plans under this mark to 22.

To view the Milliman 100 Public Pension Funding Index, go to <http://www.milliman.com/ppfi/>. 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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