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Press Release

Milliman analysis: Corporate pensions near 'full funding,' with funded ratio up to 98.4% in March

Milliman PFI funded status improves by \$62 billion thanks to third consecutive monthly increase in discount rates

SEATTLE – APRIL 15, 2021 – 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.

March was a great month for corporate pensions, with the funded status of plans improving by \$62 billion, thanks to a 24-basis-point increase in the monthly discount rate, from February's 2.88% to 3.12% as of March 31. As a result, the funded status deficit for these plans dropped to \$29 billion at month's end, compared to February's \$91 billion.

The Milliman 100 PFI asset value remained at \$1.760 trillion during March due to a relatively low monthly return of 0.37%. But the liability improvements propelled the funded ratio higher, climbing from 95.1% at the end of February to 98.4% as of March 31, 2021. The Milliman PFI plans are now less than two percentage points away from 'full funding' levels.

"Discount rates have increased now for three months in a row, bringing full funding within reach for the 100 largest U.S. corporate pension plans," said Zorast Wadia, author of the Milliman 100 PFI. "The last time these plans had a funded ratio over 100% was in 2008, just before the global financial crisis."

Looking forward, under an optimistic forecast with rising interest rates (reaching 3.57% by the end of 2021 and 4.17% by the end of 2022) and asset gains (10.2% annual returns), the funded ratio would climb to 110% by the end of 2021 and 127% by the end of 2022. Under a pessimistic forecast (2.67% discount rate at the end of 2021 and 2.07% 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 the 2021 Milliman 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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