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Press Release

Milliman analysis: April's robust 2.30% investment returns boosts corporate pension funding despite drop in discount rates

Milliman PFI funded status climbs by \$2 billion, marks seventh consecutive month of improvement

SEATTLE – MAY 6, 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 April, pension funding for PFI plans improved by \$2 billion thanks to a robust 2.30% investment gain, increasing the market value of assets by \$34 billion. The asset improvement, however, was offset by a 14 basis-point drop in the monthly discount rate, increasing the Milliman 100 PFI projected benefit obligation (PBO) by \$32 billion. The funded ratio inched up for the month, from 98.2% at the end of March to 98.3% as of April 30.

“Corporate pensions continue to rally, with April marking the seventh straight month funding has improved,” said Zorast Wadia, author of the Milliman 100 PFI. “While ‘full funding’ for these plans is within reach, the drop in discount rates below 3.00% countered what could have been another really strong month for the Milliman 100 plans.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 3.38% by the end of 2021 and 3.98% by the end of 2022) and asset gains (10.2% annual returns), the funded ratio would climb to 109% by the end of 2021 and 126% by the end of 2022. Under a pessimistic forecast (2.58% discount rate at the end of 2021 and 1.98% by the end of 2022 and 2.2% annual returns), the funded ratio would decline to 93% 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

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