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FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Corporate pension funding ratio down to 82.2% in February thanks to market volatility, low discount rates

Milliman 100 PFI funded status worsens by \$147 billion since year-end 2019

SEATTLE – MARCH 11, 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 February, discount rate declines combined with market volatility caused the PFI funding status to worsen by \$71 billion, while the funded ratio for these plans dropped from 85.5% to 82.2% for the month. The last time the PFI funded ratio was this low was November 30, 2016.

February's poor funding performance is the result of a 16-basis-point drop in the monthly discount rate, from 2.85% in January to 2.69% in February. February's discount rate sets the record for the lowest rate ever recorded in the 20-year history of the PFI. Adding salt to the wound, the market value of assets for these plans fell by \$28 billion due to the stock market volatility at the end of February. The PFI plans saw a monthly return on -1.48%. Since January 1, the deficit for the PFI plans has grown by \$147 billion.

"February was a rough month for corporate pension funding, and March is shaping up to be no better," said Zorast Wadia, author of the Milliman 100 PFI. "COVID-19 fears and the drop in oil prices are driving steep market declines, which, when combined with the continued record-low interest rates, would indicate that March will likely be another dismal month for corporate pension funding."

Looking forward, under an optimistic forecast with rising interest rates (reaching 3.19% by the end of 2020 and 3.79% by the end of 2021) and asset gains (10.6% annual returns), the funded ratio would climb to 94% by the end of 2020 and 110% by the end of 2021. Under a pessimistic forecast (2.19% discount rate by the end of 2020 and 1.59% by the end of 2021 and 2.6% annual returns), the funded ratio would decline to 77% by the end of 2020 and 71% by the end of 2021.

To view the complete Pension Funding Index, go to <https://us.milliman.com/pfi>. To see the 2019 Milliman Pension Funding Study, go to <https://us.milliman.com/en/Insight/2019-Corporate-Pension-Funding-Study>. 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.

**About the Milliman Pension Funding Study**

For the past 19 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 2019 Pension Funding Study are based on the pension plan accounting information disclosed in the footnotes to the companies' annual reports for the 2018 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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