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Press Release

Milliman analysis: Multiemployer pension plans' funded ratio drops to 80% halfway through 2022

Special Financial Assistance (SFA) under the American Rescue Plan (ARP) Act boosts multiemployer funding by one percentage point

SEATTLE – AUGUST 10, 2022 – Milliman, Inc., a premier global consulting and actuarial firm, today released the 2022 mid-year results of its Multiemployer Pension Funding Study (MPFS), which analyzes the funded status of all multiemployer defined benefit pension plans in the United States.

For the first six months of 2022, the MPFS simplified portfolio earned about -12.3%, ending the surge in investment performance since March 2020. Year-to-date market declines have returned most plans to pre-pandemic funding levels.

The aggregate funded percentage of all multiemployer plans declined from 91% at 2021 year-end to 80% as of June 30, 2022. The MPFS funded ratio would have been 79% without the Special Financial Assistance (SFA) under the American Rescue Plan (ARP) Act of 2022. The \$6.7 billion in SFA under ARP that has been paid through June 30 has increased the aggregate funded percentage by about 1%. The PBGC estimates the median total SFA payout will be about \$82 billion, all of which is expected to be paid by 2027.

"The key factor impacting the future funded percentage of critical and declining plans will be the amount of SFA they receive and how that is managed over time," says Nina Lantz, a principal at Milliman and co-author of the MPFS. "The total impact of SFA on multiemployer pensions will depend on a variety of factors including the timing of the SFA payments, potential changes in plan liability measurements, and future investment returns."

To view the complete study, go to www.milliman.com/mpfs. To see Milliman's full range of annual Pension Funding Studies, go to <https://www.milliman.com/en/retirement-and-benefits/pension-funding-studies>. To receive regular updates of Milliman's pension funding analysis, contact us at pensionfunding@milliman.com.

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