



Contact: Zorast Wadia  
Milliman, Inc.  
Tel: +1 646 473 3315  
[zorast.wadia@milliman.com](mailto:zorast.wadia@milliman.com)

---

FOR IMMEDIATE RELEASE

**Press Release**

## **Milliman analysis: Corporate pension funding deficit grows to \$306 billion in May as discount rates neared all-time lows**

**Milliman 100 PFI funded ratio decreases to 84.0% as of May 31**

SEATTLE – JUNE 8, 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 May, the PFI funding deficit grew to \$306 billion as discount rates dropped to 2.76%, nearing all-time index lows and offsetting positive investment gains for the month.

Despite a robust 1.85% investment return, the funding ratio for Milliman's PFI dropped from 84.5% at the end of April to 84.0% as of May 31. This is the second consecutive month where discount rate decreases have countered the strong investment returns of the Milliman 100 companies. Asset values for the PFI plans increased by \$24 billion to \$1.605 trillion during May, while the PFI projected benefit obligation (PBO) increased by \$41 billion during May to \$1.911 trillion, the result of a 16 basis-point drop.

"With discount rates moored below 3% for the second month in a row, corporate pensions have been unable to regain any ground – despite the positive stock market returns," said Zorast Wadia, author of the Milliman 100 PFI.

Looking forward, under an optimistic forecast with rising interest rates (reaching 3.11% by the end of 2020 and 3.71% by the end of 2021) and asset gains (10.5% annual returns), the funded ratio would climb to 92% by the end of 2020 and 108% by the end of 2021. Under a pessimistic forecast (2.41% discount rate by the end of 2020 and 1.81% by the end of 2021 and 2.5% annual returns), the funded ratio would decline to 80% by the end of 2020 and 73% by the end of 2021.

To view the complete Pension Funding Index, go to [www.milliman.com/pfi](http://www.milliman.com/pfi). To see the 2020 Milliman Pension Funding Study, go to [www.milliman.com/pfs](http://www.milliman.com/pfs). To receive regular updates of Milliman's pension funding analysis, contact us at [pensionfunding@milliman.com](mailto: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](http://milliman.com).

### **About the Milliman Pension Funding Study**



For the past 20 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 2020 Pension Funding Study are based on the pension plan accounting information disclosed in the footnotes to the companies' annual reports for the 2019 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.

###