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FOR IMMEDIATE RELEASE

**Press Release**

## **Milliman analysis: \$33 billion pension funded status improvement in November**

**Discount rates climb back above 4%--will they stay there?**

Seattle – December 6, 2012 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its latest Pension Funding Index, which consists of 100 of the nation's largest corporate defined benefit pension plans. In November, these pensions experienced a \$33 billion increase in funded status based on a \$28 billion decrease in the pension benefit obligation (PBO) and a \$5 billion increase in assets. The \$33 billion increase begins to chip away at near-record funded status deficits that have persisted throughout the last two quarters. The deficit at the end of November sat at \$466 billion.

"The interest rates that determine pension funding liabilities climbed back above 4% in November, a welcome development for plan sponsors," said John Ehrhardt, co-author of the Milliman Pension Funding Study. "If you need an illustration of how substantially interest rates are moving funded status, consider that through November these pensions have exceeded their expected annual return. If they hold onto these gains through December it will be the third such year out of the last four. And yet we're still dealing with near-record deficits. It's all about rates, and calendar-year-end funded status will depend largely on where the discount rate ends up as of December 31."

In November, the discount rate used to calculate pension liabilities increased from 3.96% to 4.05%, decreasing the PBO to \$1.793 trillion at the end of the month. The overall asset value for these 100 pensions increased from \$1.322 trillion to \$1.327 trillion.

Looking forward, if these 100 pensions were to achieve their expected 7.8% median asset return and if the current discount rate of 4.05% were to be maintained throughout 2013 and 2014, these pensions would improve the pension funded ratio from 74.0% to 78.7% by the end of 2013 and to 83.3% by the end of 2014.

To view the complete study, go to <http://ow.ly/4xFIt>. 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. It is a founding member of Abelica Global, an international organization of consulting firms serving employee benefits clients worldwide. For further information, visit [milliman.com](http://milliman.com).



**About the Milliman 100 Pension Funding Index**

For the past 12 years, Milliman has conducted an annual study of the 100 largest defined benefit pension plans sponsored by U.S. public companies. The Milliman 100 Pension Funding Index projects the funded status for pension plans included in our study, reflecting the monthly impact of market returns and interest-rate changes on pension funded status, utilizing the actual reported asset values, liabilities, and asset allocations of the companies' pension plans.

The results of the Milliman 100 Pension Funding Index were based on the actual pension plan accounting information disclosed in the footnotes to the companies' annual reports for the preceding fiscal year and for previous fiscal years. In addition to providing the financial information on the funded status of 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 funding standards different from those for U.S. qualified pension plans. The results do not represent the funded status of the companies' U.S. qualified pension plans under ERISA.

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