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Press Release

Milliman analysis: Corporate pension funding inches closer to full funding, hitting 98.1% in October

Milliman 100 PFI funded status improves by \$17 billion thanks to strong investment returns

SEATTLE – NOVEMBER 5, 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 October, corporate pensions saw strong investment returns, with a monthly gain of 2.10%, the second-largest monthly return of 2021. The PFI market value of assets increased by \$31 billion, but liabilities also increased due to a drop in the monthly discount rate, from 2.78% in September to 2.72% in October. As a result, the PFI funded status increased by \$17 billion for the month and the deficit declined to \$36 billion. The funded ratio climbed from 97.2% to 98.1% as of October 31.

“We’re seeing the funded status deficit for these pensions inch closer and closer to zero as strong investment markets continue to drive funding improvements,” said Zorast Wadia, author of the Milliman 100 PFI. “But with discount rates mired below 3.00% for the past 12 months it’s a marathon not a sprint to full funding .”

Looking forward, under an optimistic forecast with rising interest rates (reaching 2.82% by the end of 2021 and 3.42% by the end of 2022) and asset gains (10.2% annual returns), the funded ratio would climb to 101% by the end of 2021 and 117% by the end of 2022. Under a pessimistic forecast with similar interest rate and asset movements (2.62% discount rate at the end of 2021 and 2.02% by the end of 2022 and 2.2% annual returns), the funded ratio would decline to 97% by the end of 2021 and 88% by the end of 2022.

To view the complete Pension Funding Index, go to www.milliman.com/pfi. 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.

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.

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