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FOR IMMEDIATE RELEASE

**Press Release**

## **Milliman analysis: Competitive pension risk transfer buyout rate drops 70 basis points to 100.3% during December**

**Competitive bidding process saves about 2.5% of buyout costs as of December 31**

SEATTLE – JANUARY 26, 2023 – Milliman, Inc., a premier global consulting and actuarial firm, today announced the latest results of its Milliman Pension Buyout Index (MPBI). As the pension risk transfer (PRT) market continues to grow, it has become increasingly important to monitor the annuity market for plan sponsors that are considering transferring retiree pension obligations to an insurer.

During December, the estimated cost to transfer retiree pension risk to an insurer in a competitive bidding process decreased from 101.0% of a plan's total liabilities to 100.3% of those liabilities. That means the estimated retiree PRT cost is now 100.3% of the plans' retiree accumulated benefit obligation. During the same time period, the average annuity purchase cost across all insurers in our index decreased, from 103.6% to 102.8%. The competitive bidding process is estimated to save plan sponsors about 2.5% of PRT costs as of December 31, slightly down from 2.6% on November 30.

"Retiree buyout costs dropped as we kicked off the new year, a time that tends to see a reset in insurer capacity as the busy fourth-quarter rush winds down," said Mary Leong, a consulting actuary with Milliman and co-author of the MPBI. "The start of 2023 also saw a new insurer enter the PRT market, bringing the current total to 19 insurers. With PRT still top of mind with plan sponsors, we should expect to see continued heavy volume in PRT transactions and competitive pricing this year."

The MPBI uses the FTSE Above Median AA Curve, along with annuity purchase composite interest rates from eight insurers, to estimate the competitive and average costs of a PRT annuity de-risking strategy. Individual plan annuity buyouts can vary based on plan size, complexity, and competitive landscape.

To view the complete Milliman Pension Buyout Index, go to <https://www.milliman.com/mpbi>. To receive regular updates with Milliman's pension buyout analysis, contact us at [pensionbuyout@milliman.com](mailto:pensionbuyout@milliman.com).

### **About Milliman**

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