



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

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FOR IMMEDIATE RELEASE

**Press Release**

## **Milliman analysis: Corporate pensions close 2022 at 110% funded**

### **Milliman 100 PFI records year-end funding surplus for first time since 2007**

SEATTLE – JANUARY 9, 2023 – Milliman, Inc., a premier global consulting and actuarial firm, today released the year-end results of its Milliman 100 Pension Funding Index (PFI), which analyzes the 100 largest U.S. corporate pension plans. In 2022, corporate pension funding improved by \$172 billion for the year.

Rising discount rates throughout 2022 drove this result. The plans' funding ratio closed the year at 110.0% funded, up from 97.9% at the end of 2021. The PFI discount rate soared 242 basis points over the course of 2022 to 5.22% on December 31—the highest year-end rate in more than a decade.

The corresponding decline in plan liabilities of 22.57% more than offset the cumulative annual investment losses of 13.53% during 2022. Plan assets were down \$321 billion for the year while liabilities decreased by \$493 billion. This \$172 billion funded status gain resulted in a year-end funded status surplus of \$133 billion.

“Exceptional discount rate hikes were the main driver of both plan asset and liability changes in 2022. While massive investment losses across most asset classes made headlines in 2022, corporate pensions actually recorded major improvements in funded status given the reductions in plan liabilities, thus marking a year of significant improvement in the overall health of plans,” said Zorast Wadia, co-author of the PFI. “The 110% year-end funding ratio marks the first funding surplus we’ve seen at year-end since just before the global financial crisis.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 5.82% by the end of 2023 and 6.42% by the end of 2024) and asset gains (9.9% annual returns), the funded ratio would climb to 124% by the end of 2023 and 139% by the end of 2024. Under a pessimistic forecast (4.62% discount rate at the end of 2023 and 4.02% by the end of 2024 and 1.9% annual returns), the funded ratio would decline to 100% by the end of 2023 and 91% by the end of 2024.

To view the complete Pension Funding Index, go to [www.milliman.com/pfi](http://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](mailto:pensionfunding@milliman.com).

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