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FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Falling discount rates erode \$8 billion in corporate pension funding in November

Milliman 100 PFI funded ratio slips to 103.2% despite largest monthly market gains of 2023

SEATTLE – DECEMBER 7, 2023 – 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.

The Milliman 100 PFI funded ratio dropped from 104.1% at the end of October to 103.2% as of November 30, driven by a substantial 65-basis-point drop in discount rates for the month. As rates fell from 6.20% in October to 5.55% in November—the largest monthly decline since 2008—plan liabilities rose by \$82 billion. A significant monthly investment gain of 6.53%, the largest of 2023, helped to partially offset liability losses. The market value of plan assets rose by \$74 billion, to \$1.302 trillion. The net result for the PFI plans was a decrease in the funded status of \$8 billion, with the PFI surplus down to \$41 billion.

“November saw both the largest monthly investment return and the largest discount rate drop of the year,” said Zorast Wadia, author of the PFI. “Although these mostly offset each other, the discount rate change was slightly more dominant, resulting in the funded ratio decline. All eyes will be on where interest rates and plan asset values end up in December, as this will lay the foundation for 2024 pension calculations for calendar-year plans.”

Looking forward, under an optimistic forecast with rising interest rates (reaching 6.2% by the end of 2024 and 6.8% by the end of 2025) and asset gains (9.8% annual returns), the funded ratio would climb to 117% by the end of 2024 and 131% by the end of 2025. Under a pessimistic forecast (4.9% discount rate at the end of 2024 and 4.3% by the end of 2025 and 1.8% annual returns), the funded ratio would decline to 93% by the end of 2024 and 85% by the end of 2025.

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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