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FOR IMMEDIATE RELEASE

Press Release

Milliman analysis: Public pension funded ratio fell to 72.6% at end of 2022, erasing two years of investment gains

Milliman PPFS plans hit funding shortfall of \$1.63 trillion as of December 31 due to market losses

SEATTLE – MARCH 8, 2023 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its annual Public Pension Funding Study (PPFS), which explores the funded status of the nation’s 100 largest public defined benefit pension plans.

As of December 31, 2022, the aggregate funded ratio of the Milliman 100 PPFS plans dropped to an estimated 72.6% from a study high of 85.5% a year earlier. Aggregate plan assets stood at approximately \$4.35 trillion at the end of 2022, while liabilities totaled an estimated \$5.98 trillion on that date. Market performance drove this result, as the plans experienced estimated investment losses of 11.6% during calendar-year 2022. Current market return expectations now slightly exceed plan investment return assumptions for the first time since the PPFS began in 2012.

“Going forward, if the ‘new normal’ for inflation and interest rates continues to remain above 2019 levels, there may be some upward movement in the plans’ expected investment return assumptions,” said Becky Sielman, co-author of Milliman’s PPFS. “But if inflation and interest rates revert back to their very low pre-pandemic levels, plan sponsors are unlikely to raise their return assumptions.”

The PPFS results are based on Milliman’s independent analysis and data from the plans’ most recent fiscal year-end reports (measurement dates as of June 30, 2021, for three-quarters of the plans in our study). For more information, and 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 view Milliman’s monthly 100 Public Pension Funding Index, go to <http://www.milliman.com/ppfi/>. 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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