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FOR IMMEDIATE RELEASE

**Press Release**

## **Milliman analysis: Competitive pension risk transfer costs increases from 100.3% to 100.9% in April**

**Competitive bidding process saves about 2.4% of buyout costs as of April 30**

SEATTLE – MAY 23, 2024 – 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 April, the estimated cost to transfer retiree pension risk to an insurer in a competitive bidding process increased from 100.3% of a plan's accounting liabilities (accumulated benefit obligation, or ABO) to 100.9% of those liabilities. That means the estimated retiree PRT cost is now 100.9% of a plan's ABO. During the same time period, the average annuity purchase cost across all insurers in our index also increased, from 102.6% to 103.3%. The competitive bidding process is estimated to save plan sponsors about 2.4% of PRT costs as of April 30.

"Competitive buyout costs increased slightly in April, to 100.9% of ABO, which is about average for the past 12 months," said Jake Pringle, a Milliman principal and co-author of the MPBI. "With interest rates at their highest levels so far in 2024, plan sponsors with projects in the works could be optimistic about competitive pricing for their pension risk transfers."

The MPBI uses the FTSE Above Median AA Curve, along with annuity purchase composite interest rates from nine 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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