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FOR IMMEDIATE RELEASE

**Press Release**

## **Milliman analysis: Competitive pension risk transfer costs climb from 100.3% to 102.5% in July**

**Competitive bidding process saves about 2.4% of buyout costs as of July 31**

SEATTLE – August 20, 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 July, the estimated cost to transfer retiree pension risk to an insurer in a competitive bidding process increased over two percentage points, from 100.3% of a plan's accounting liabilities (accumulated benefit obligation, or ABO) to 102.5% of those liabilities. That means the estimated retiree PRT cost is now 102.5% of a plan's ABO. During the same time period, the average annuity purchase cost across all insurers in our index also increased, from 103.3% to 104.9%. The competitive bidding process is estimated to save plan sponsors about 2.4% of PRT costs as of July 31.

"With the volatility in bond markets in July, retiree buyout costs spiked to their highest levels in over four years, said Jake Pringle, a Milliman principal and co-author of the MPBI. "Accounting discount rates dropped but PRT rates dropped substantially more, as plan sponsors watch for the Fed's next move and what it means for the PRT market."

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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