
Large private DB plans are mending fast: Milliman

By Editor Test *Thu, Aug 8, 2013*

"The last 12 months were the best 12-month period for corporate pension funded status in the history of our study," said John Ehrhardt, co-author of the Milliman Pension Funding Index.

The nation's 100 largest defined benefit plans experienced a \$26 billion increase in asset value and a \$2 billion increase in pension liabilities in July, according to [Milliman's Pension Funding Index](#). The pension funding deficit dropped from \$182 billion at the end of June to \$158 billion at the end of July.

"The last 12 months were the best 12-month period for corporate pension funded status in the history of our study," said John Ehrhardt, co-author of the Milliman Pension Funding Index. "We've seen gains in nine out of the last 12 months for a total improvement of \$388 billion. [By comparison], the total projected benefit obligation for these 100 pensions stood at \$762 billion when we started analyzing these 100 plans 13 years ago."

Year-to-date, there's been a \$233 billion improvement in funded status and an increase in the funded ratio to 89.7%, with assets up \$60 billion and the projected benefit obligation down \$172 billion.

Milliman said that if the 100 pension plans in its index achieve the expected 7.5% median asset return for their pension plan portfolios, and if the current discount rate of 4.73% were maintained, the funded status deficit would narrow to \$128 billion (91.7%) by the end of 2013 and \$44 billion (97.2%) by the end of 2014.

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