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FOR IMMEDIATE RELEASE

Press Release

Funded ratio for 100 largest U.S. public pensions climbs to 73.4%, according to Milliman estimates

Nearly one-third of PPFS plans lowered interest rate assumptions since 2018 study

SEATTLE – DECEMBER 23, 2019 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its 2019 Public Pension Funding Study (PPFS), which analyzes funding levels of the nation's 100 largest public pension plans, including an independent assessment on the expected real return of each plan's investments.

For Milliman's 2019 PPFS, the estimated aggregate funded ratio of the nation's largest public pension plans is 73.4% as of June 30, 2019, with the estimated combined investment return at 7.34% in Q1 2019 and 2.66% in Q2, and aggregate plan assets reaching \$3.84 trillion as of June 30. Total Pension Liabilities (TPL) for these plans crossed the \$5 trillion mark for the first time, and as of June 30, 2019 Milliman estimates the PPFS aggregate TPL to be \$5.23 trillion.

"Thanks in large part to strong market performance in the first half of 2019, plan assets continue to keep pace with liability growth, buoying public pension funding," said Becky Sielman, author of Milliman's Public Pension Funding Study. "But we're also seeing plan sponsors continue to inject conservatism into their interest rate assumptions, with nearly one-third of these plans lowering rates since the last study. While interest rate assumptions of 8.00% were once the norm, 85 of the public pensions in our study now have assumptions of 7.50% or below."

To view the full Milliman 100 Public Pension Funding Study, go to <http://www.milliman.com/ppfs/>. 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.

About the Milliman Public Pension Funding Study

This Milliman Public Pension Funding Study is based on the most recently available Comprehensive Annual Financial Reports, which reflect measurement dates ranging from June 30, 2015, to December 31, 2018; 91 are from June 30, 2018, or later. For the purposes of this study, the reported asset allocation of each of the plans has been analyzed to determine an independent measure of the expected long-term median real rate of return on plan assets. The sponsor-reported Total Pension Liability for each plan has then been recalibrated to reflect this independently determined investment return assumption. This study



therefore adjusts for differences between each plan's reported discount rate and an independently calibrated current market assessment of the expected real return based on actual asset allocations. This study is not intended to price the plans' liabilities for purposes of determining contribution amounts or near-term plan settlement purposes nor to analyze the funding of individual plans.

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