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Press Release

Milliman analysis: Multiemployer pension plans experience dramatic funding swings in the first half of 2020 due to COVID-19 and market volatility

Aggregate funded percentage for multiemployer plans drops to 82% as of June 30, 2020

SEATTLE – AUGUST 11, 2020 – Milliman, Inc., a premier global consulting and actuarial firm, today released the results of its Multiemployer Pension Funding Study (MPFS) as of June 30, 2020, which analyzes the funded status of all multiemployer defined benefit pension plans in the United States.

As of June 30, 2020, the aggregate funded percentage of multiemployer plans dropped to 82%, down from 85% at the end of 2019, resulting in a \$26 billion increase in the aggregate funding shortfall. The estimated investment return for the first half of 2020 was about -1.3%, based on a simplified portfolio.

In general, over the past 18 months, increased volatility in the markets has caused dramatic swings in the aggregate funded percentage for most plans. While all plans absorb market gains and losses over time, extreme market movements immediately prior to a plan's measurement date can have a significant impact on its funding position and annual Pension Protection Act (PPA) zone status.

"The past six months have demonstrated why measurement dates matter," says Nina Lantz, a principal and consulting actuary at Milliman and co-author of the MPFS. "As of March 31, the estimated year-to-date return on our simplified portfolio was about -13.4%. So the 70 plans in the MPFS with that year-end date will complete their annual valuations and zone certifications when 2020 asset values are at their lowest for the year so far. This will unfortunately affect their funding position and zone status, despite the current market recovery in Q2 2020."

To view the complete study, go to www.milliman.com/mpfs. 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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