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FOR IMMEDIATE RELEASE

**Press Release**

## **Milliman expands Pension Buyout Index to include competitive pricing rate, which drops to 100.2% in September**

**Average estimated cost of retiree pension risk transfer hits MPBI low of 102.3%**

SEATTLE – NOVEMBER 3, 2020 – 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. While we continue to analyze annuity purchase rates from all insurers, starting this month Milliman has expanded its research to reflect the impact of competitive pricing on estimated buyout cost, and added two new insurers to our index: Massachusetts Mutual Life Insurance Company (MassMutual), and Banner Life Insurance Company (Legal & General America).

During September, the average estimated cost to transfer retiree pension risk to an insurer decreased by 60 basis points, from 102.9% of a plan's total liabilities to 102.3% of those liabilities. This means the average estimated retiree PRT cost for the month is now 2.3% more than those plans' retiree accumulated benefit obligation (ABO). Annuity purchase costs reflecting competition amongst insurers are even lower at 100.2% (down from 101.0% in August).

"At just 100.2%, September's low competitive buyout rate indicates that some plans may have been able to transfer pension risk at a cost that is only a fraction higher than the plan's accounting liability," says Mary Leong, a consulting actuary with Milliman and co-author of the study. "Similarly, September's average buyout rate, at 102.3%, is the lowest we've seen since launching Milliman's Pension Buyout Index."

The MPBI uses the FTSE Above Median AA Curve, along with annuity purchase composite interest rates from eight insurers, to estimate the average and competitive 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>.

### **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](http://milliman.com).

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