

Economic recovery for public pensions continues in May

Second consecutive month of strong returns pushes funded ratio to 71.3% as funded status improves by \$72 billion in May 2020

2.68% return for May 2020



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Most sectors of the market continued their COVID-19 recovery from April into May, somewhat easing the financial impact of the February / March market downturn. The estimated funded status of the 100 largest U.S. public pension plans as measured by the Milliman 100 Public Pension Funding Index (PPFI) improved to 71.3%, up from 69.8% at the end of April 2020, and a significant recovery from 66.0% at the end of March 2020.

In aggregate, the PPFI plans experienced a second consecutive positive month since the COVID-19 economic crash in Q1, posting investment returns of 2.68% in May. The Milliman 100

PPFI asset value grew from \$3,750 trillion at the end of April to **\$3.836** trillion at the end of May.

We estimate that the aggregate deficit shrank from \$1.619 trillion at the end of April 2020 to **\$1.547** trillion at the end of May 2020, a \$72 billion improvement.

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FIGURE 1: FUNDED RATIO

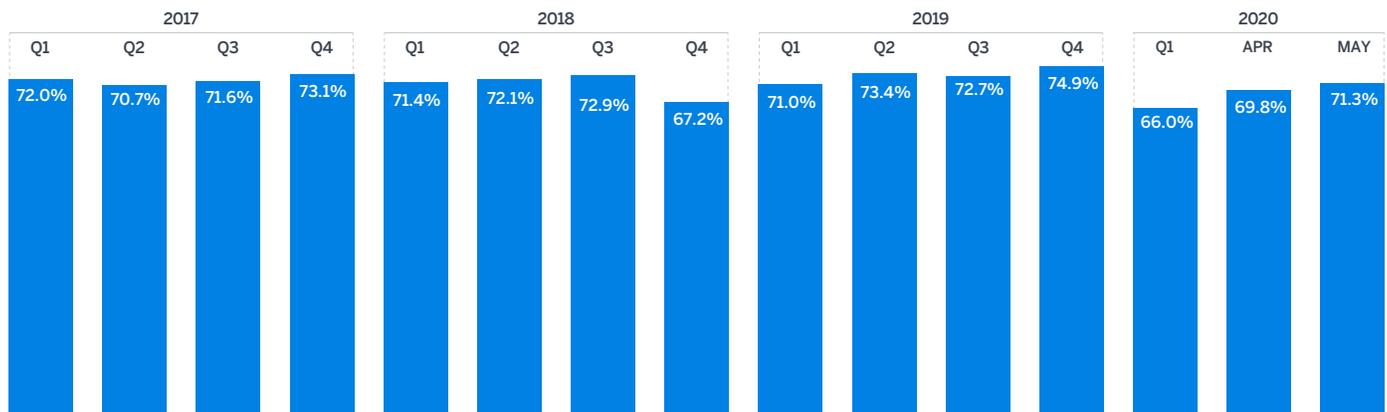
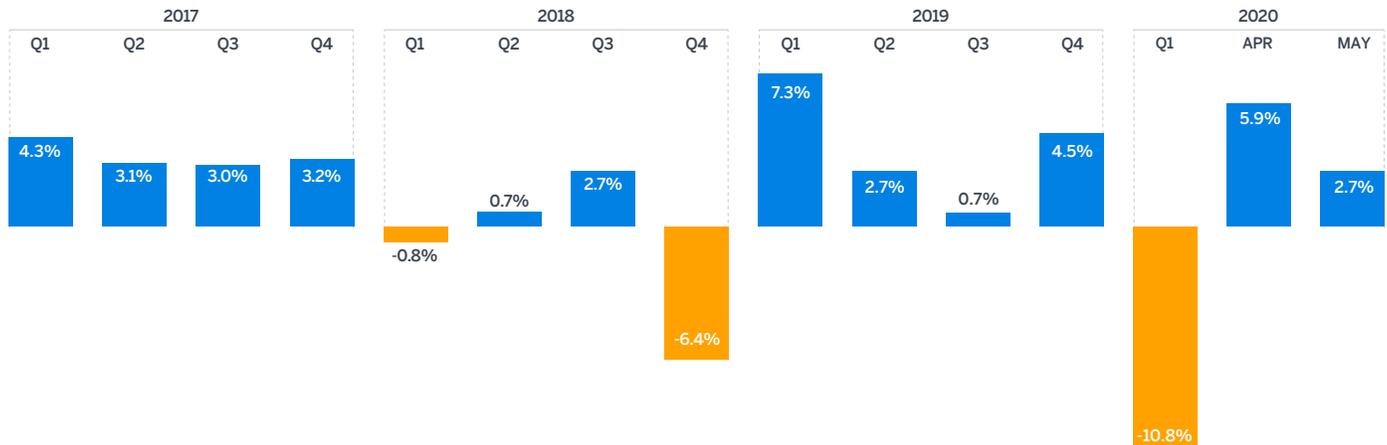


FIGURE 2: INVESTMENT RETURNS



This quarterly update reflects adjustments made as of the end of June 2019 as part of Milliman's annual Public Pension Funding Study, found here at milliman.com/ppfs. The adjustments reflect updated publicly available asset and liability information gathered for the annual study.