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SEI Releases Research on Pension Accounting Disclosure Assumptions for 2016

OAKS, PA -- (Marketwired) -- 12/17/15 -- SEI (NASDAQ: SEIC) today released its annual pension accounting research study, which found that 99 percent of plan sponsors decreased their discount rates last year to a level that is unlikely to be reversed in 2015, due to the small change in yield curves through Nov. 30.

Now in its 14*th* year, SEI's research outlines how some plan sponsors and auditors are interpreting the events in recent years and the impact of the current economic environment. Based on this analysis, and assuming no change during December 2015, plan sponsors with a Dec. 31 measurement date should consider increasing the discount rate they are using but not by much, if at all.

"The yield curve increased slightly in 2015, with corporate bond indices rising 35-40 basis points," said Jonathan Waite, Director, Advisory Team and Chief Actuary for SEI's Institutional Group. "Rising discount rates will result in slightly lower plan liabilities and lower pension expense for the upcoming year. Additionally, new mortality tables might further decrease liabilities by 1-2 percent at year-end."

The study analyzed a database of 625 corporate defined benefit plan sponsors, revealing a 75 basis point range of discount rates used for 2014 pension expense -- a tighter range than last year's analysis. The results of the study provide companies with guidance for setting the discount rate and return on asset (ROA) assumptions that pension plan sponsors will use for 2015 year-end disclosures.

In looking at year-end 2014 ROA assumptions, most (62 percent) of plan sponsors had ROAs between 7.00 percent and 8.25 percent, as with year-end 2013. More than 90 percent of the plan sponsors had ROAs between 5.52 percent and 8.25 percent, which is the same range as last year. According to the paper, plan sponsors should be wary in using other plans' asset return assumptions as a guide in setting their own. Rather, they should continue to look at long-term capital market assumptions as a guide, but customize the results for their asset allocations.

This research series has drawn on SEI's industry-leading knowledge around defined benefit accounting to provide assumptions that can serve as a barometer in this complicated area.

Data is derived from the 2014 SEI Plan Sponsor Accounting Database, which consists of data from Standard & Poor's Institutional Market Services database, as well as proprietary analysis created by SEI's Institutional Group. For the full paper, please visit www.seic.com/ASC2015.

About SEI's Institutional Group

SEI's Institutional Group is one of the first and largest global providers of outsourced investment management services. The company delivers integrated retirement, healthcare and nonprofit solutions to more than 475 clients in eight countries. Our solutions are designed to help clients meet financial objectives, reduce business risk and fulfill their due diligence requirements through implemented strategies for the management of defined benefit plans, defined contribution plans, endowments, foundations and board designated funds. For more information visit: seic.com/institutions.

About SEI

SEI (NASDAQ: SEIC) is a leading global provider of investment processing, investment management, and investment operations solutions that help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth. As of September 30, 2015, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers $638 billion in mutual fund and pooled or separately managed assets, including $245 billion in assets under management and $393 billion in client assets under administration. For more information, visit seic.com.

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