



Milliman, Inc.

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March 31, 2015

This brochure provides information about the qualifications and business practices of Milliman, Inc. ("Milliman", "the firm", "we" and "our"). If you have any questions about the contents of this brochure, please contact us at (206) 624-7940. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about Milliman is available on the SEC's website: www.adviserinfo.sec.gov. You can search this site by a unique identifying number known as an IARD/CRD number. The IARD/CRD number for Milliman is 112245.

Milliman has filed a separate brochure with respect to its additional practice area which is regulated by the SEC. That brochure, and additional information about this practice area, is available on the SEC's website at www.adviserinfo.sec.gov.

Milliman is an investment adviser registered with the SEC. Registration does not imply a certain level of skill or training.

Material Changes

The SEC adopted “Amendments to Form ADV” in July 2010. This Firm Brochure, dated March 31, 2015, is Milliman’s disclosure document prepared according to the SEC’s requirements and rules. It supersedes and updates information contained in all previous versions of the firm’s brochure.

Currently, our Brochure may be requested by contacting Susan Puz at 206-624-7940 or by email at susan.puz@milliman.com.

Additional information about Milliman is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s site also provides information about persons affiliated with Milliman who are registered, or are required to be registered, as investment adviser representatives of our firm.

This Material Changes section of this brochure will be used to provide our clients with a summary of new and/or updated information. Consistent with the new rules, we will ensure that you receive a summary of any material changes to this and subsequent Brochures within 120 days of the close of our business’ fiscal year. Furthermore, we will provide you with other interim disclosures about material changes as necessary.

Material Changes From the Prior Brochure

- There are no material changes to this brochure.

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Advisory Business

Our Business

Milliman was founded in 1947. It is one of the largest consulting and actuarial firms in the world. Milliman offers specialized consulting services in employee benefits, healthcare, life insurance and financial services, property and casualty insurance and investments. Milliman is a privately held company, owned by approximately 415 active employees. No one individual owns more than 1% of Milliman.

Investment Advisory Services

Milliman offers investment advisory services to institutions including banks or thrift institutions, pension and profit sharing plans, and other corporations or business entities, principally in connection with defined contribution, defined benefit retirement plans, endowments, foundations and post-retirement benefits. These investment advisory services may include the following:

Investment policy. We work with clients both to establish initial investment policies and to revise them as plan philosophy or circumstances change. We can help facilitate discussions within your organization that lead to clearly stated investment policy statements of purpose, objectives and investment guidelines. The resulting investment policy then stands as a guide underlying the actions of fund managers, trustees and other staff. Once established, the investment policy allows new trustees or fund managers to quickly and easily understand your investment philosophy.

Asset allocation. We help clients choose asset classes with targeted returns while attempting to minimize risk. Our analysis can include an assessment of your cash inflows, future liabilities, and required returns. Using independent asset class estimates, we can help design a suite of correlated investment managers to work toward your stated goals.

Investment structure. We assist clients in identifying strategies and styles they want to use to achieve their investment goals. Once a desired approach is determined, we can use our proprietary database of information on funds, and personal knowledge of manager track records, to select appropriate options for each strategy.

Manager evaluation. We evaluate how a manager's track record stacks up against expected performance and against performance of peers using both quantitative and qualitative elements. Our quantitative analysis uses data from third-party vendors and publically-available information on a manager's sector, performance, tenure, analytical method, etc. Our qualitative analysis includes attendance at conferences, webex and telephone meetings and in-person meetings. We visit with many managers on a regular basis because we believe regular on-site meetings are invaluable for understanding manager performance.

Performance measurement. We use robust tools to provide in-depth, quantifiable evidence of manager skill and performance. We employ automated reporting, using data warehousing to electronically capture data for analysis, which circumvents manual entry errors. Our performance evaluation includes:

- Evaluation of fund management. We evaluate factors such as depth of professional staff, organization structure, assets under management, and any changes in people or process.
- Absolute and relative performance appraisal. Investment manager performance is compared with previously set goals, as well as that of industry peers and relevant market indices. We offer the latest techniques for comparing manager performance against evolving industry benchmarks and peer measures.
- Risk assessment. We analyze to make sure the total return is within an appropriate level of risk for each portfolio.
- Style analysis. We monitor managers for "style drift" within their respective mandates.

Investment education. We offer investment education services tailored to the needs of each client. Our seminars can include hot topics in the industry, updates on the regulatory environment and future outlooks and investment trends.

Our Approach

Milliman seeks to tailor its advisory services to the needs of its institutional clients. We will meet on a scheduled basis mutually agreed to by you and Milliman to review investment performance, client objectives and changes in your financial position. Clients may impose restrictions on investments in certain securities or types of securities.

Milliman does not participate in wrap fee programs.

Assets under Management and Advisement

Milliman advises \$40.7 billion of client assets on a non-discretionary basis.

Milliman manages \$1.1 billion of client assets on a discretionary basis.

Both figures are based on account balances as of December 31, 2014.

Related Entity

A separately-registered Milliman subsidiary – Milliman Financial Risk Management LLC (“FRM”) – provides hedging and asset allocation services to life insurers, banks, mutual funds, fund managers, reinsurers, and other types of clients. Further information on FRM is available on the Milliman website – www.milliman.com - or the SEC adviser site www.adviserinfo.sec.gov.

Fees and Compensation

Service Fees

As compensation for our advisory services, Milliman may charge:

- An hourly rate for professionals and other employees assigned to a project based upon the nature and scope of the services, and the expertise of the persons assigned. Where requested, Milliman will provide an estimate of the cost of a particular project. The client and Milliman negotiate fees prior to commencement of the services consistent with current market rates.
- A percentage of assets. The asset-based fee will be calculated on a separately-negotiated schedule; an example fee is 10 basis points of the first \$10 million, 6 bps of the next \$10 million, 4 bps of the next \$30 million, and negotiable above \$50 million.
- A separately-negotiated fixed fee for periodic services, where the fee approximates the expected hourly rate for the expected time spent.

Milliman may bill clients either in arrears or in advance. Clients billed in arrears are billed no more frequently than monthly and no less frequently than once a year. Clients billed in advance, will be billed at least quarterly, meaning clients will not pay more than one quarter in advance. You may terminate our services on any assignment at any time with prior written notice to Milliman according to the advisory agreement. The final fee charged will be prorated on the basis of services performed to date of termination.

Fees are negotiable with each client. We may at times impose a minimum advisory fee in order to cover the costs of our investment advisory services. All such fee arrangements are disclosed to and subject to negotiation with the client.

Other Fee Related Information

In some cases, where you have authorized it in writing, automatic deductions of our fees can be made through a qualified custodian. In such cases, we will send instructions for the fee deduction to the qualified custodian and send you a notice of such instructions. From time to time, we will verify that the custodian is also providing you with periodic reporting regarding our fee deductions.

Milliman fees are exclusive of brokerage commissions, transaction fees and other related costs and expenses which shall be incurred by the client. Clients may incur certain charges imposed by custodians, brokers, third party investments and other third parties such as fees charged by managers, custodial fees, deferred sales charges, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange-traded funds also charge internal management fees, which are disclosed in a fund's prospectus. We advise our clients to carefully review fund prospectuses and contracts with other providers carefully. Such charges, fees and commissions are exclusive of and in addition to Milliman's fee and Milliman shall not receive any portion of these commissions, fees and costs.

None of our *supervised persons* accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

ERISA Accounts

Milliman may be deemed to be a fiduciary to advisory clients that are employee benefit plans pursuant to the Employee Retirement Income and Securities Act ("ERISA"). As such, Milliman is subject to specific duties and obligations under ERISA and the Internal Revenue Code that include, among other things, restrictions concerning certain forms of compensation. To avoid engaging in prohibited transactions, Milliman may only charge fees for investment advice about products for which we and/or related persons do not receive any commissions or 12b-1 fees.

Performance-Based Fees and Side-By-Side Management

Neither Milliman nor any of our supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client.

Types of Clients

Milliman provides investment advisory services to institutions, including banks or thrift institutions, pension and profit sharing plans, and other corporations or business or government entities, principally in connection with defined contribution, defined benefit retirement plans, endowments, foundations and post-retirement benefits. We do not offer retail financial planning.

Methods of Analysis, Investment Strategies and Risk of Loss

Methods and Strategies

Through the use of various information sources together with our own studies and information, Milliman will make recommendations to clients with respect to the general categories of investments, the mix of investments among those categories, and suitable investment managers or registered investment companies to fill those investment categories without giving specific recommendations as to the individual securities to be purchased. These recommendations are designed to comport with the client's long-range goals while satisfying the short-term cash needs and other requirements of the particular client.

Milliman approaches its investment analysis by emphasizing a proper "fit" between the client and the investment and by coordinating the investment's fundamental features with the client's objectives. The analysis may include a computer-assisted analysis of the investment's history, financial quality, strength, stability and growth potential.

Milliman may also from time to time render advice with respect to specific individual securities and the selection of particular investments.

Risk of Loss

Our analysis of investments relies on the assumption that the funds and investment managers that we recommend, the rating agencies that review them and other publicly-available sources of information about these investments, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

Our typical recommendations include mutual funds and individual investment managers. Investment returns are not guaranteed and past performance is no guarantee of future performance. There is always a material chance that you may lose money on your investments.

Disciplinary Information

Registered investment advisors are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Milliman or the integrity of Milliman management.

Neither Milliman nor any of its advisory employees has experienced any material legal or disciplinary events.

Other Financial Industry Activities and Affiliations

Neither the firm nor any of Milliman's investment advisory management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, nor as a futures commission merchant, commodity pool operator, a commodity-trading advisor, or an associated person of the foregoing entities.

Milliman provides actuarial and administrative services to retirement plan sponsors, including public and private defined benefit and defined contribution plans. Some of these clients also engage Milliman for investment advisory services.

Milliman receives no direct or indirect compensation from investment advisors that it recommends to clients.

As stated, FRM, a Milliman subsidiary, is separately registered with the SEC as an investment adviser and with the Commodity Futures Trading Commission as a commodity trading adviser and a commodity pool operator. FRM provides investment advisory services to certain collective investment trusts and mutual funds that are sold to the retirement plan market. FRM is the primary adviser to certain mutual funds that are offered to individual, retail investors. Milliman will fully disclose to you if we are ever in a position to consider or recommend one of these funds to you, and will work with you to avoid any conflicts, were they to exist. You can find out more information about FRM's services at www.milliman.com and through FRM's Form ADV Part 2A filed at www.adviserinfo.sec.gov.

Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Milliman's code of ethics for its investment advisers contains guidance on standards of business conduct, personal securities transactions, reporting violations and education of advisers about the code. All *access* and *supervised persons*, as defined in SEC rules, are required to provide written acknowledgement that they have received the code. A copy of Milliman's code of ethics for investment advisers is available to any client or prospective client upon request.

Our investment advisory activities may include recommendations to purchase or sell particular types or categories of securities or investment products. It may also involve rendering advice with respect to particular securities or investment products. Concurrently with this advice, our investment consultants may, with certain restrictions, generally purchase, sell or hold investments within these categories or within these particular securities or investment products as most are publicly traded. All *access persons* are required to provide quarterly reports of their securities transactions and an annual report of holdings. Our compliance team reviews these reports.

Brokerage Practices

At the request of an institutional client, we may have investment discretion in the choice of funds and the allocation of assets between funds in a portfolio. In addition, we may have discretion over the timing of movements between funds in a portfolio. These arrangements include discretion over holdings of mutual funds, collective investment trusts and separate accounts. If there are brokers involved for the execution of trades they are chosen by the client.

Milliman may at times recommend to clients the services of certain brokers, but receives no separate compensation or research services for this over and above our normal consulting fees. The brokers are recommended based upon the quality of the execution services provided and the competitiveness of the commission rates charged.

Review of Accounts

Typically, Milliman reviews client accounts monthly or quarterly based on a mutually agreeable schedule. *Access persons* who are experienced investment consultants familiar with the account conduct these reviews. Certain events may trigger more frequent reviews of accounts

Reports typically cover both qualitative and quantitative information about the account and its managers. Reports may include:

- Commentary by market segment
- Performance information versus benchmarks and relevant indices
- Funds and managers on a watch-list
- Snapshots of model risk-based portfolios showing risk/reward relationships and variability
- Investment Policy Statement recap to facilitate periodic reviews

Reports are provided in writing and are augmented by calls or on-site meetings.

Client Referrals and Other Compensation

Milliman does not currently have any referral arrangements in place.

Milliman may compensate Milliman employees for bringing in new clients or retaining existing clients. This compensation does not affect the individualized services tailored to each client.

Custody

We do not keep custody of client funds or securities.

Investment Discretion

At the request of an institutional client, Milliman may have investment discretion to choose investment funds, make allocation trades and determine the timing of trades. Prior to taking on such authority, we work with client to define the limits of such authority and to be added to the client's authorized trader lists. We do not have brokerage or commission discretion in connection with our services.

InvestMap is developed by Milliman as an age-based asset allocation strategy that incorporates all or a portion of the retirement plan's underlying investment funds. The InvestMap asset allocations are designed such that employees in their early years of employment have more of their retirement plan assets allocated to equities. Employees closer to retirement age will have less of their retirement plan assets invested in equities and more in less risky investment types. Retirement age for the InvestMap asset allocation strategy is assumed to be 65. While InvestMap incorporates the retirement age into the strategy, asset allocations may continue to change beyond normal retirement age into the post-retirement years.

InvestMap is a participant directed investment strategy. InvestMap is not participant investment advice and Milliman, Inc. is not an advisor to plan participants. InvestMap is an asset allocation strategy based on fundamental investment strategies designed to reduce risk over time while providing a reasonable rate of return.

Voting Client Securities

In rare cases, Milliman may vote proxies for a client. Should Milliman contractually agree to vote proxies on behalf of a client, Milliman will develop a Proxy Voting Policy and provide it to such client. Milliman may assist clients in development of their own proxy voting guidelines and may provide recommendations in relation to individual proxy matters. In these cases, clients retain the responsibility for receiving and voting proxies for any and all securities maintained in their portfolios.

Financial Information

Milliman may bill clients either in arrears or in advance. In some cases our clients pay quarterly in advance of services. In no cases do we solicit or would we accept more than \$1,200 paid six months or more in advance.

Milliman has not been the subject of any bankruptcy petition at any time in its history and there is no current financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients.

Milliman's most recent audited financial statements are available upon request.