

MetLife, Inc.

Notes to the Consolidated Financial Statements — (Continued)

Information for pension and other postretirement benefit plans with a projected benefit obligation in excess of plan assets were as follows:

	Pension Benefits				Other Postretirement Benefits			
	U.S. Plans		Non-U.S. Plans		U.S. Plans		Non-U.S. Plans	
	December 31,							
	2012	2011	2012	2011	2012	2011	2012	2011
	(In millions)							
Projected benefit obligations	\$ 9,480	\$ 8,327	\$ 763	\$ 732	\$ 2,375	\$ 2,093	\$ 43	\$ 39
Fair value of plan assets	\$ 7,879	\$ 7,108	\$ 188	\$ 140	\$ 1,320	\$ 1,240	\$ 15	\$ 13

Net Periodic Benefit Costs

Net periodic benefit cost is determined using management estimates and actuarial assumptions to derive service cost, interest cost, and expected return on plan assets for a particular year. Net periodic benefit cost also includes the applicable amortization of net actuarial gains (losses) and amortization of any prior service cost (credit).

The obligations and expenses associated with these plans require an extensive use of assumptions such as the discount rate, expected rate of return on plan assets, rate of future compensation increases, healthcare cost trend rates, as well as assumptions regarding participant demographics such as rate and age of retirements, withdrawal rates and mortality. Management, in consultation with its external consulting actuarial firms, determines these assumptions based upon a variety of factors such as historical performance of the plan and its assets, currently available market and industry data and expected benefit payout streams. The assumptions used may differ materially from actual results due to, among other factors, changing market and economic conditions and changes in participant demographics. These differences may have a significant effect on the Company's consolidated financial statements and liquidity.

Net periodic pension costs and net periodic other postretirement benefit plan costs are comprised of the following:

- **Service Costs** — Service costs are the increase in the projected (expected) PBO resulting from benefits payable to employees of the Subsidiaries on service rendered during the current year.
- **Interest Costs** — Interest costs are the time value adjustment on the projected (expected) PBO at the end of each year.
- **Settlement and Curtailment Costs** — The aggregate amount of net gains (losses) recognized in net periodic benefit costs due to settlements and curtailments. Settlements result from actions that relieve/eliminate the plan's responsibility for benefit obligations or risks associated with the obligations or assets used for the settlement. Curtailments result from an event that significantly reduces/eliminates plan participants' expected years of future services or benefit accruals.
- **Expected Return on Plan Assets** — Expected return on plan assets is the assumed return earned by the accumulated pension and other postretirement fund assets in a particular year.
- **Amortization of Net Actuarial Gains (Losses)** — Actuarial gains and losses result from differences between the actual experience and the expected experience on pension and other postretirement plan assets or projected (expected) PBO during a particular period. These gains and losses are accumulated and, to the extent they exceed 10% of the greater of the PBO or the fair value of plan assets, the excess is amortized into pension and other postretirement benefit costs over the expected service years of the employees.
- **Amortization of Prior Service Costs (Credit)** — These costs relate to the recognition of increases or decreases in pension and other postretirement benefit obligation due to amendments in plans or initiation of new plans. These increases or decreases in obligation are recognized in accumulated other comprehensive income (loss) at the time of the amendment. These costs are then amortized to pension and other postretirement benefit costs over the expected service years of the employees affected by the change.

The components of net periodic benefit costs and other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) were as follows: