

**** FAB INDEX – PRESS RELEASE ****

The technical bit...

Over the month to 31 January 2018, First Actuarial's Best estimate (FAB) Index remained stable, with the surplus in the UK's 6,000 defined benefit (DB) pension schemes falling slightly from £357bn to £356bn.

The deficit on the PPF 7800 Index improved over January from £103.8bn to £51.0bn.

These are the underlying numbers used to calculate the FAB Index.

FAB Index over the last 3 months	Assets	Liabilities	Surplus	Funding Ratio	'Breakeven' (real) investment return
31 January 2018	£1,576bn	£1,220bn	£356bn	129%	-0.8% pa
31 December 2017	£1,590bn	£1,233bn	£357bn	129%	-0.9% pa
30 November 2017	£1,564bn	£1,206bn	£358bn	130%	-0.8% pa

The overall investment return required for the UK's 6,000 DB pension schemes to be 100% funded on a best estimate basis – the so called 'breakeven' (real) investment return – has increased to minus 0.8% pa. That means the schemes need an overall actual (nominal) return of 2.8% pa for the assets to meet the liabilities.

The assumptions underlying the FAB Index are shown below:

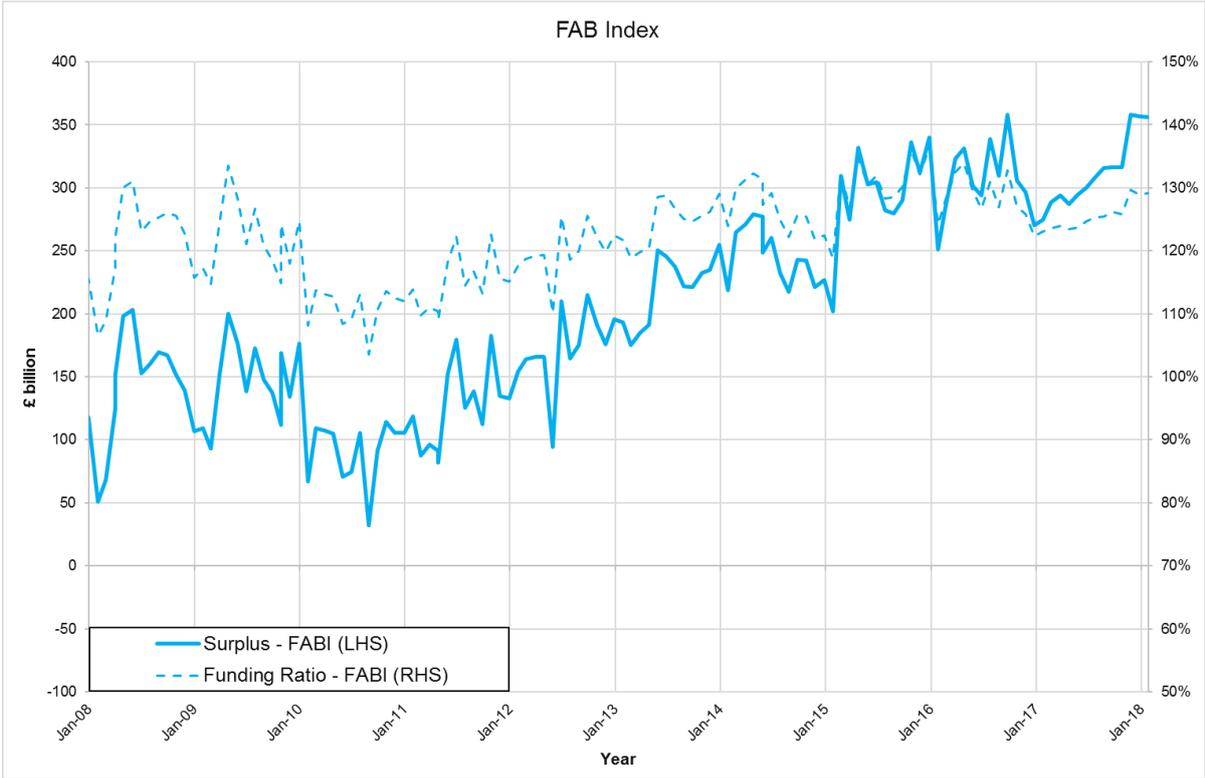
Assumptions	Expected future inflation (RPI)	Expected future inflation (CPI)	Weighted-average investment return
31 January 2018	3.6% pa	2.6% pa	4.2% pa
31 December 2017	3.6% pa	2.6% pa	4.0% pa
30 November 2017	3.6% pa	2.6% pa	4.2% pa

Ends

Notes to editors

The FAB Index is calculated using publicly available data underlying the PPF 7800 Index which aggregates the funding position of 5,588 UK DB pension schemes on a section 179 basis, together with data taken from The Purple Book, jointly published by the PPF and the Pensions Regulator.

The FAB Index will be updated on a monthly basis, providing a comparator measure of the financial position of UK DB pension schemes.



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About First Actuarial

First Actuarial is a consultancy providing pension scheme administration, actuarial, investment and consultancy services to a wide range of clients across the UK.

We advise a mixture of open and closed defined benefit schemes with our clients concentrated in the small to medium end of the pension scheme market. Our clients range across a number of sectors including manufacturing, financial services, not for profit organisations and those providing services previously in the public sector.