

** FAB INDEX – PRESS RELEASE **

The technical bit...

Over the month to 30 April 2019, First Actuarial's Best estimate (FAB) Index deteriorated, with the surplus in the UK's 5,450 Defined Benefit (DB) pension schemes down from £446bn to £385bn. Despite this drop, which is partly due to a recent update of First Actuarial's best-estimate assumptions, the FAB Index continues to show a healthy surplus.

The deficit on the PPF 7800 Index decreased during April 2019 from £43.9bn to £6.4bn, with the funding ratio increasing from 97% to just under 100%.

This month's updated best-estimate assumptions reflect our views on best-estimate investment returns and the latest available mortality tables. Although these changes have resulted in increased liabilities, we nevertheless expect the large surplus of UK's 5,450 DB pension schemes to remain in place.

The underlying numbers used to calculate the FAB Index are as follows:

| FAB Index | Assets | Liabilities | Surplus | Funding Ratio | 'Breakeven' (real) investment return |
|------------------|----------|-------------|---------|---------------|--------------------------------------|
| 30 April 2019 | £1,649bn | £1,264bn | £385bn | 130% | -1.3% pa |
| 31 March 2019 | £1,649bn | £1,203bn | £446bn | 137% | -1.3% pa |
| 28 February 2019 | £1,603bn | £1,162bn | £441bn | 138% | -1.1% pa |

The overall investment return required for the UK's 5,450 DB pension schemes to be 100% funded on a best-estimate basis – the so called 'breakeven' (real) investment return – has remained unchanged at minus 1.3% pa. This means the schemes need an overall actual (nominal) return of 2.3% p.a. for their assets to meet liabilities.

The assumptions underlying the FAB Index are shown below:

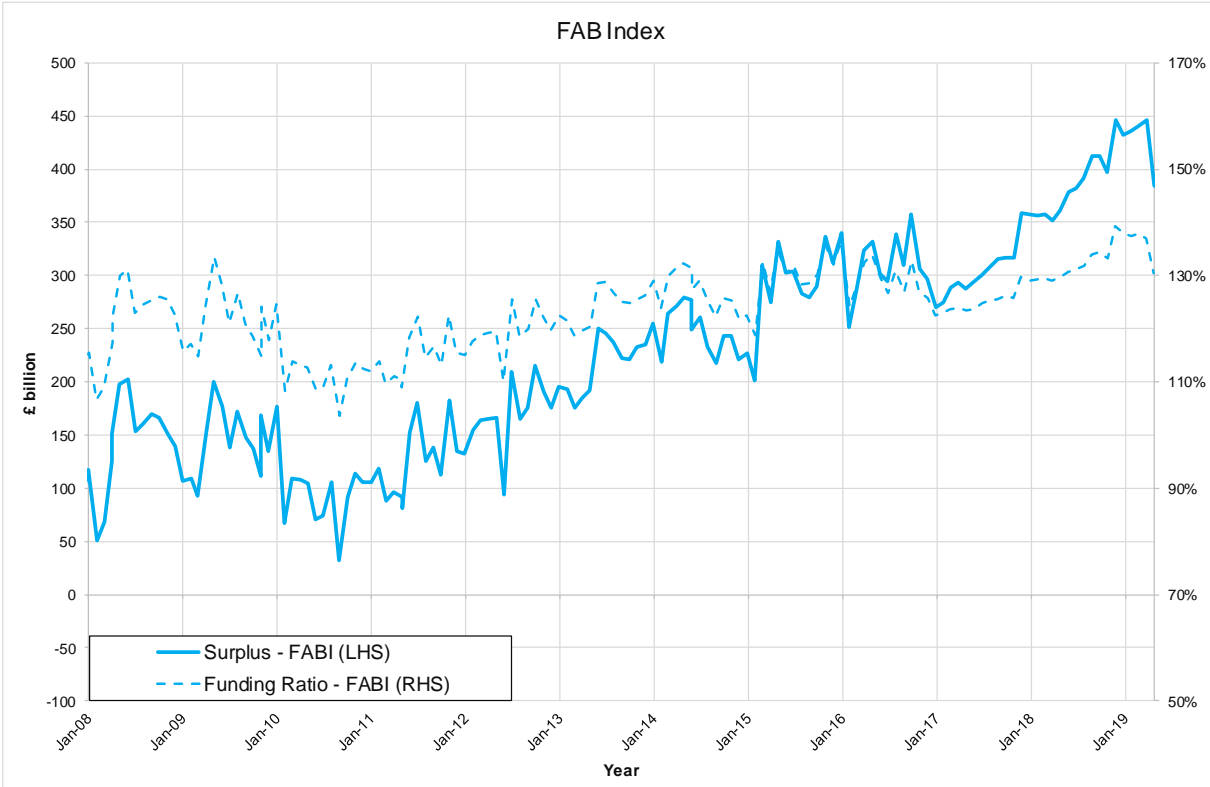
| Assumptions | Expected future inflation (RPI) | Expected future inflation (CPI) | Weighted-average investment return |
|------------------|---------------------------------|---------------------------------|------------------------------------|
| 30 April 2019 | 3.6% pa | 2.6% pa | 3.7% pa |
| 31 March 2019 | 3.7% pa | 2.7% pa | 4.1% pa |
| 28 February 2019 | 3.6% pa | 2.6% pa | 4.3% pa |

Ends

Notes to editors

The FAB Index is calculated using publicly-available data underpinning the PPF 7800 Index – which aggregates the funding position of 5,450 UK DB pension schemes on a section 179 basis – together with data taken from The Purple Book, published jointly by the Pension Protection Fund (PPF) and The Pensions Regulator.

The FAB Index is 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 DB schemes, with our clients concentrated in the small to medium end of the pension scheme market. Our client base covers diverse sectors, including manufacturing, financial services, not-for-profit organisations and those running services previously provided by the public sector.