

**** FAB INDEX – PRESS RELEASE ****

The technical bit...

Over the month to 31 January 2019, First Actuarial's Best estimate (FAB) Index rose slightly, with the surplus in the UK's 6,000 defined benefit (DB) pension schemes increasing from £432bn to £436bn.

The deficit on the PPF 7800 Index improved over January 2019 from £31.9bn to £23.1bn, and the funding ratio rose from 98% to 99%.

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 2019 | £1,603bn | £1,167bn | £436bn | 137% | -1.0% |
| 31 December 2018 | £1,571bn | £1,139bn | £432bn | 138% | -1.0% |
| 30 November 2018 | £1,580bn | £1,134bn | £446bn | 139% | -1.1% |

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 remained at minus 1.0% pa. That means the schemes need an overall actual (nominal) return of 2.5% pa for their assets to meet liabilities.

The assumptions underlying the FAB Index are shown below:

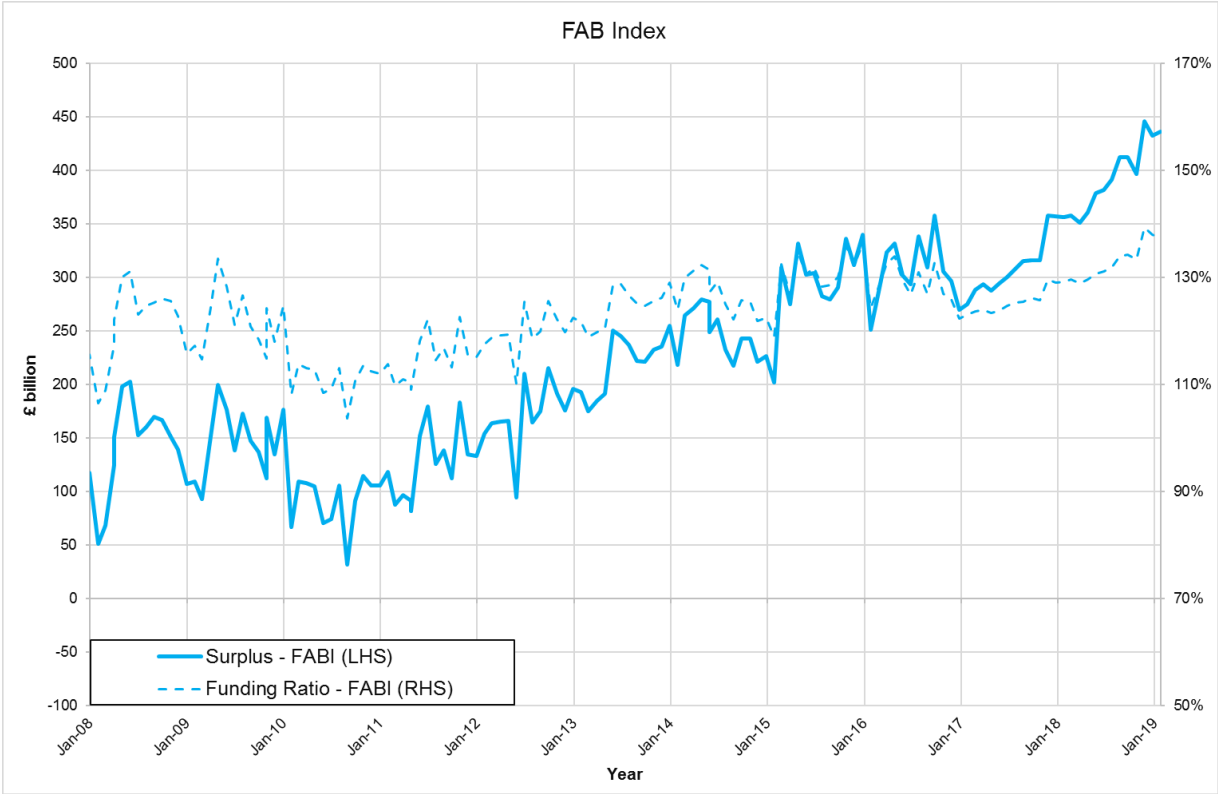
| Assumptions | Expected future inflation (RPI) | Expected future inflation (CPI) | Weighted-average investment return |
|-------------------------|--|--|---|
| 31 January 2019 | 3.5% pa | 2.5% pa | 4.2% pa |
| 31 December 2018 | 3.6% pa | 2.6% pa | 4.4% pa |
| 30 November 2018 | 3.7% pa | 2.7% pa | 4.4% 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 5,450 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 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 defined benefit schemes with our clients concentrated in the small to medium end of the pension scheme market. Our clients are spread across diverse sectors including manufacturing, financial services, not for profit organisations and those running services previously provided by the public sector.