



## *Baptist Pension Scheme (BPS)*

### *FRS102 – Monthly Assumptions for the Default Discount Rate and Default Increases to Minimum Pensionable Income (MPI) (December 2018)*

The FRS102 calculation spreadsheet pre-populated default assumptions for month-ends up to and including 30 April 2016, for the Default Discount Rate and Default Increases to Minimum Pensionable Income (MPI).

These default assumptions reflect the duration (average term) of the Scheme's Recovery Plans, and we believe they are consistent with the requirements of FRS102. However, these are suggestions rather than recommendations, and the calculation spreadsheet allows the employers to manually override the defaults if they wish to use other assumptions.

For accounting dates from May 2016, the employer has to enter the assumptions it wishes to use as these will not be pre-populated. The tables below provide suggested discount rates for month ends since 31 May 2016.

**Table 1 – Monthly Assumptions for the Default Discount Rate**

The monthly assumptions for the default discount rate are set in line with the yield on the "iBoxx £ Corporates AA 10-15 year" index at each month end.

<b><i>Month End</i></b>	<b><i>Default Discount Rate</i></b>
31 May 2016	2.9%
30 June 2016	2.5%
31 July 2016	2.0%
31 August 2016	1.8%
30 September 2016	1.9%
31 October 2016	2.4%
30 <sup>th</sup> November 2016	2.6%
31 <sup>st</sup> December 2016	2.4%
31 <sup>st</sup> January 2017	2.6%
28 <sup>th</sup> February 2017	2.2%
31 <sup>st</sup> March 2017	2.2%
30 <sup>th</sup> April 2017	2.2%
31 <sup>st</sup> May 2017	2.1%
30 <sup>th</sup> June 2017	2.2%
31 <sup>st</sup> July 2017	2.2%
31 <sup>st</sup> August 2017	2.0%
30 <sup>th</sup> September 2017	2.3%
31 <sup>st</sup> October 2017	2.3%
30 <sup>th</sup> November 2017	2.3%
31 <sup>st</sup> December 2017	2.2%

31 <sup>st</sup> January 2018	2.3%
28 <sup>th</sup> February 2018	2.4%
31 <sup>st</sup> March 2018	2.3%
30 <sup>th</sup> April 2018	2.4%
31 <sup>st</sup> May 2018	2.3%
30 <sup>th</sup> June 2018	2.4%
31 <sup>st</sup> July 2018	2.4%
31 <sup>st</sup> August 2018	2.3%
30 <sup>th</sup> September 2018	2.5%
31 <sup>st</sup> October 2018	2.4%
30 <sup>th</sup> November 2018	2.5%
31 <sup>st</sup> December 2018	2.4%

**Table 2 – Monthly Assumptions for the Default Increases to Minimum Pensionable Income (MPI)**

The default assumption within the spreadsheet is that Minimum Pensionable Income increases each 1 January in line with RPI inflation.

The RPI assumption has been set by reference to published Bank of England estimates for future price inflation, as implied by the index-linked and fixed interest gilt markets as at the accounting date. It reflects the average period of the Scheme's deficit recovery payments (approximately 10 years).

<b><i>Month End</i></b>	<b><i>Default Increases to Minimum Pensionable Income (MPI)</i></b>
31 May 2016	2.5%
30 June 2016	2.5%
31 July 2016	2.5%
31 August 2016	2.8%
30 September 2016	2.9%
31 October 2016	3.3%
30 <sup>th</sup> November 2016	3.2%
31 <sup>st</sup> December 2016	3.3%
31 <sup>st</sup> January 2017	3.4%
28 <sup>th</sup> February 2017	3.2%
31 <sup>st</sup> March 2017	3.2%
30 <sup>th</sup> April 2017	3.2%
31 <sup>st</sup> May 2017	3.1%
30 <sup>th</sup> June 2017	3.1%
31 <sup>st</sup> July 2017	3.1%
31 <sup>st</sup> August 2017	3.1%
30 <sup>th</sup> September 2017	3.2%
31 <sup>st</sup> October 2017	3.2%

30 <sup>th</sup> November 2017	3.1%
31 <sup>st</sup> December 2017	3.1%
31 <sup>st</sup> January 2018	3.2%
28 <sup>th</sup> February 2018	3.2%
31 <sup>st</sup> March 2018	3.2%
30 <sup>th</sup> April 2018	3.2%
31 <sup>st</sup> May 2018	3.1%
30 <sup>th</sup> June 2018	3.1%
31 <sup>st</sup> July 2018	3.2%
31 <sup>st</sup> August 2018	3.1%
30 <sup>th</sup> September 2018	3.3%
31 <sup>st</sup> October 2018	3.3%
30 <sup>th</sup> November 2018	3.3%
31 <sup>st</sup> December 2018	3.3%