



Baptist Pension Scheme (BPS)

FRS102 – Monthly Assumptions for the Default Discount Rate and Default Increases to Minimum Pensionable Income (MPI) (June 2021)

The FRS102 calculation spreadsheet pre-populated default assumptions for month-ends up to and including 30 June 2021, 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 July 2021, the employer has to enter the assumptions it wishes to use as these will not be pre-populated.

The tables below provide a summary of suggested assumptions for month ends since 31 May 2016 – as previously noted these are already pre-populated in the calculation spreadsheet for month-ends up to and including 30 June 2021.

These suggested assumptions are derived in line with LCP advice notes "Pensions reporting under FRS102" dated 20 May 2016 (which covers dates on or before 31 December 2019), "FRS102 default assumptions and instructions" dated 12 June 2020 (which covers dates on or after 31 January 2020 and before 31 August 2020), "FRS102 default assumptions and instructions" dated 13 September 2020 (which covers dates on or after 31 August 2020 and before 30 September 2020) and "FRS102 default assumptions and instructions" dated 1 March 2021 (which covers dates on or after 30 September 2020).

Table 1 – Monthly Assumptions for the Default Discount Rate

<i>Month End</i>	<i>Default Discount Rate</i>
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 November 2016	2.6%
31 December 2016	2.4%
31 January 2017	2.6%
28 February 2017	2.2%
31 March 2017	2.2%
30 April 2017	2.2%
31 May 2017	2.1%
30 June 2017	2.2%
31 July 2017	2.2%
31 August 2017	2.0%
30 September 2017	2.3%
31 October 2017	2.3%
30 November 2017	2.3%
31 December 2017	2.2%
31 January 2018	2.3%
28 February 2018	2.4%
31 March 2018	2.3%
30 April 2018	2.4%
31 May 2018	2.3%
30 June 2018	2.4%
31 July 2018	2.4%
31 August 2018	2.3%
30 September 2018	2.5%
31 October 2018	2.4%
30 November 2018	2.5%
31 December 2018	2.4%
31 January 2019	2.3%
28 February 2019	2.3%
31 March 2019	2.0%
30 April 2019	2.1%
31 May 2019	1.9%
30 June 2019	1.9%
31 July 2019	1.6%

Month End	Default Discount Rate
31 August 2019	1.4%
30 September 2019	1.5%
31 October 2019	1.5%
30 November 2019	1.6%
31 December 2019	1.7%
31 January 2020	1.1%
29 February 2020	1.2%
31 March 2020	2.2%
30 April 2020	1.5%
31 May 2020	1.3%
30 June 2020	1.0%
31 July 2020	0.8%
31 August 2020	1.1%
30 September 2020	0.4%
31 October 2020	0.5%
30 November 2020	0.5%
31 December 2020	0.4%
31 January 2021	0.5%
28 February 2021	0.9%
31 March 2021	0.9%
30 April 2021	0.9%
31 May 2021	0.9%
30 June 2021	0.9%

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.

<i>Month End</i>	<i>Default Increases to Minimum Pensionable Income (MPI)</i>
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 November 2016	3.2%
31 December 2016	3.3%
31 January 2017	3.4%
28 February 2017	3.2%
31 March 2017	3.2%
30 April 2017	3.2%
31 May 2017	3.1%
30 June 2017	3.1%
31 July 2017	3.1%
31 August 2017	3.1%
30 September 2017	3.2%
31 October 2017	3.2%
30 November 2017	3.1%
31 December 2017	3.1%
31 January 2018	3.2%
28 February 2018	3.2%
31 March 2018	3.2%
30 April 2018	3.2%
31 May 2018	3.1%
30 June 2018	3.1%
31 July 2018	3.2%
31 August 2018	3.1%
30 September 2018	3.3%
31 October 2018	3.3%
30 November 2018	3.3%
31 December 2018	3.3%
31 January 2019	3.2%

Month End	Default Increases to Minimum Pensionable Income (MPI)
28 February 2019	3.2%
31 March 2019	3.3%
30 April 2019	3.3%
31 May 2019	3.4%
30 June 2019	3.3%
31 July 2019	3.4%
31 August 2019	3.4%
30 September 2019	3.4%
31 October 2019	3.1%
30 November 2019	3.2%
31 December 2019	3.2%
31 January 2020	3.0%
29 February 2020	2.9%
31 March 2020	2.8%
30 April 2020	2.6%
31 May 2020	2.9%
30 June 2020	2.8%
31 July 2020	2.9%
31 August 2020	3.1%
30 September 2020	3.1%
31 October 2020	3.1%
30 November 2020	3.1%
31 December 2020	3.0%
31 January 2021	3.2%
28 February 2021	3.3%
31 March 2021	3.5%
30 April 2021	3.4%
31 May 2021	3.5%
30 June 2021	3.3%