

## The CARE Scheme (the Scheme)

### Summary of Key Valuation Assumptions

This Annex summarises the key assumptions used by the Scheme Actuary within the Scheme's actuarial valuation.

Further details and background as to how the Scheme Actuary has derived these actuarial assumptions for the Scheme can be found in a document entitled:

*'Memorandum issued by The Pensions Trust addressed to the sponsoring employers on the proposed assumptions to be adopted in calculating Technical Provisions' ('assumptions document').*

This document is available on our website at [www.thepensionstrust.org.uk](http://www.thepensionstrust.org.uk) > Document Library > Scheme Literature > CARE > Consultation Documents.

**Once you have read and considered the 'assumptions document', please complete and return 'Feedback Form 1' by 14 October 2011.**

Financial Assumptions	
<b>Valuation Discount Rates</b>	
Pre retirement	6.5% p.a.
Post retirement	4.3% p.a.
Price inflation	3.0% p.a.
Earnings increases	4.5% p.a.
CARE revaluation in deferment	3.0% p.a.
<b>Pension Increases</b>	
Pre 6 April 2005 accrued benefits (LPI max 5%)	4.3% p.a.
Post 6 April 2005 accrued benefits (LPI max 2.5%)	3.0% p.a.
Assets	Market value.

Demographic Assumptions	
<b>Mortality</b>	SAPS all pensioners ('amounts'), year of birth, CMI 2009 projections with long-term improvement rates of 1.5% p.a. for males and 1.25% p.a. for females.
<b>Proportions Married</b>	75% of members are married at retirement. Wives are three years younger than their husbands.
<b>Retirement Age</b>	Normal Retirement Age 65.
<b>Commutation</b>	No allowance.

**Demographic Assumptions (continued)**

<b>Ill-Health Retirements</b>	<b>Example rates are as follows:</b>	
	<b>Age</b>	<b>Ill-health retirements p.a. per 1,000 lives at each age</b>
	25	0.0
	30	0.1
	35	0.2
	40	0.3
	45	0.8
	50	1.8
	55	3.0
	60	9.5
<b>Withdrawals</b>	<b>Example rates are as follows:</b>	
	<b>Age</b>	<b>Withdrawals p.a. per 1,000 lives at each age</b>
	25	170
	30	154
	35	134
	40	120
	45	114
	50	95
	55	76
	60	56

**Please note the following abbreviations:**

- LPI = Limited Price Indexation
- SAPS = Self-Administered Pension Schemes
- CMI = Continuous Mortality Investigation

Further details can be found in the 'assumptions document'.