

FTSE UK Level Annuity Index Series

Objective

The FTSE UK Level Annuity Index Series is a set of benchmarks designed to allow users to compare changes in the value of a pre-retirement fund with changes in annuity prices.

Annuity rates differ depending on individual circumstances, and the series reflects this with multiple indices representing a range of retirement profiles, creating a suitable comparison to assess fund performance.

The series provides greater clarity in the market and also acts as a new tool for Defined Contribution savers attempting to meet their retirement objectives.

Index Construction

The FTSE UK Level Annuity Index Series consists of the following indices:

FTSE UK Level Annuity Index Series

- FTSE UK Level Annuity Index Single Life – Early Retirement
- FTSE UK Level Annuity Index Single Life – Standard Retirement
- FTSE UK Level Annuity Index Single Life – Late Retirement
- FTSE UK Level Annuity Index Joint Life – Early Retirement
- FTSE UK Level Annuity Index Joint Life – Standard Retirement
- FTSE UK Level Annuity Index Joint Life – Late Retirement

FTSE UK Level Adjusted Annuity Index Series

- FTSE UK Level Adjusted Annuity Index Single Life – Early Retirement
- FTSE UK Level Adjusted Annuity Index Single Life – Standard Retirement
- FTSE UK Level Adjusted Annuity Index Single Life – Late Retirement
- FTSE UK Level Adjusted Annuity Index Joint Life – Early Retirement
- FTSE UK Level Adjusted Annuity Index Joint Life – Standard Retirement
- FTSE UK Level Adjusted Annuity Index Joint Life – Late Retirement

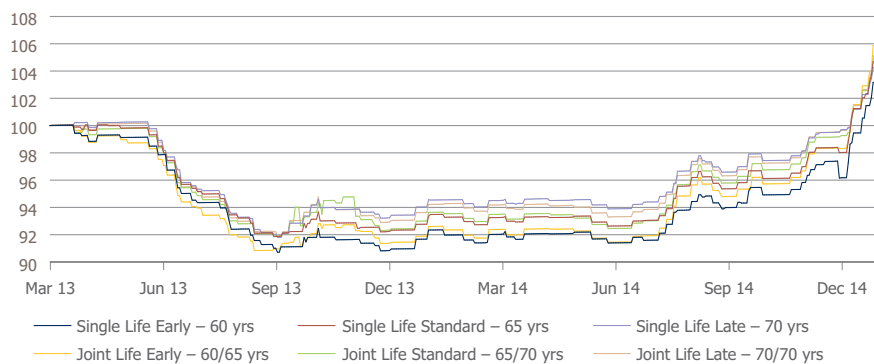
Governance

FTSE is responsible for the operation of the FTSE UK Level Annuity Index Series. FTSE carries out reviews and implements the resulting changes as required by the Ground Rules.

FEATURES

- The series is calculated daily, using the average of the three highest annuity rates for different retirement profiles:
 - Early – Single & Joint Life
 - Standard – Single & Joint Life
 - Late – Single & Joint Life
- The FTSE UK Level Annuity Indices measure the change in annuity prices adjusted for the return on cash.
- The FTSE UK Level Adjusted Annuity Indices measure the performance of annuity prices adjusted for the effect of anticipated interest rate movements.
- The series is calculated on an end-of-day basis in GBP.
- The FTSE UK Level Annuity Index is reviewed in June to validate the relevance of the assumed retirement profiles and the duration of the expected annuity liability cash flow profile.

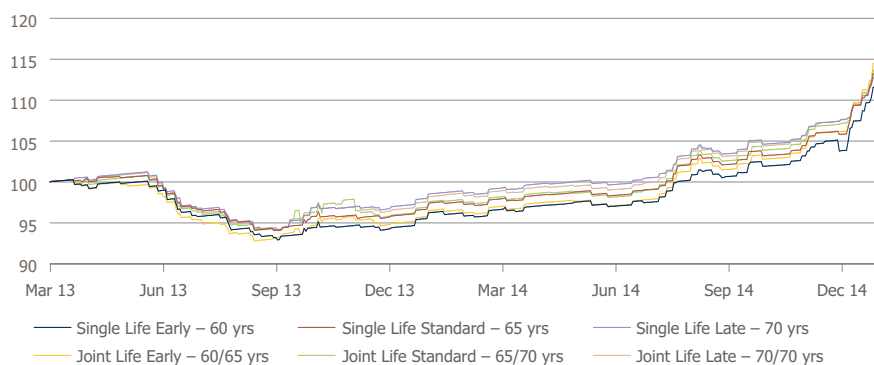
FTSE UK Level Annuity Index



Price Change and Volatility – GBP

FTSE UK Level Annuity Index	Annuity Price Change %				Volatility %*
	3M	6M	YTD	12M	1YR
Single Life Early - 60yrs	8.7	12.6	7.3	11.7	4.0
Single Life Standard - 65yrs	8.9	12.5	6.8	12.1	3.5
Single Life Late - 70yrs	7.0	10.4	4.8	10.3	3.0
Joint Life Early - 60/65 yrs	10.6	15.2	7.7	11.7	4.2
Joint Life Standard - 65/70 yrs	8.6	13.0	6.0	12.3	3.8
Joint Life Late - 70/70 yrs	7.9	11.8	5.4	11.4	3.3

FTSE UK Level Adjusted Annuity Index



Price Change and Volatility – GBP

FTSE UK Level Adjusted Annuity Index	Annuity Price Change %				Volatility %*
	3M	6M	YTD	12M	1YR
Single Life Early - 60yrs	9.5	14.4	7.5	16.0	4.0
Single Life Standard - 65yrs	9.7	14.3	7.0	16.4	3.5
Single Life Late - 70yrs	7.8	12.2	5.0	14.4	3.0
Joint Life Early - 60/65 yrs	11.4	17.0	7.9	18.7	4.2
Joint Life Standard - 65/70 yrs	9.4	14.8	6.2	16.5	3.8
Joint Life Late - 70/70 yrs	8.7	13.6	5.6	15.6	3.3

* Volatility based on price changes using 252 trading days per year
 Source: FTSE Group, data as at 30 January 2015

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Data definitions available from www.ftse.com

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