Pension Protection Fund

Volatility assumptions for Section 143 assumptions guidance (version B10 onwards)

Instructions

These volatility assumptions should be used in conjunction with the 'Guidance on assumptions to use when undertaking a valuation in accordance with Section 143 of the Pensions Act 2004' (the 'Section 143 assumptions guidance') in force at the effective date of the valuation.

These volatility assumptions should be used to determine the LCPI assumption. In the B10, B11 and B12 assumptions guidance documents, the application of these assumptions is specified in Section 3.4.

To determine the LCPI assumption at each time interval (or tenor), you need two volatility assumptions, one applicable for the floor of 0% and one for the cap of 2.5%.

The table below summarises which version of the volatility assumptions to use based on the effective date of the valuation. We will update our website periodically to reflect the latest volatility assumptions in force.

Limitations

These volatility assumptions are only suitable for the purpose of calculating a Section 143 valuation, or any other calculations completed for the Pension Protection Fund (PPF) which reference the Section 143 assumptions guidance.

The PPF accepts no liability if a third party adopts these assumptions for any other purposes other than those specified above.

Table summarising the version of volatility assumptions to adopt

Effective date of the valuation	Version of volatility assumptions	Version located on pages
31 May 2026 to current date	V2	2 - 3
1 May 2023 to 30 May 2026	V1	4 - 5
Prior to 1 May 2023	Not applicable	Not applicable

Version V2

For valuations with an effective date on or after 31 May 2026

Term	Volatility - 0% Floor	Volatility - 2.5% Cap
1	1.97%	1.50%
2	1.89%	1.45%
3	1.61%	1.25%
4	1.51%	1.17%
5	1.42%	1.09%
6	1.35%	1.02%
7	1.29%	0.97%
8	1.24%	0.92%
9	1.21%	0.88%
10	1.18%	0.85%
11	1.15%	0.83%
12	1.13%	0.80%
13	1.12%	0.79%
14	1.10%	0.77%
15	1.09%	0.76%
16	1.08%	0.74%
17	1.07%	0.73%
18	1.05%	0.72%
19	1.04%	0.72%
20	1.03%	0.71%
21	1.02%	0.70%
22	1.01%	0.69%
23	1.00%	0.69%
24	0.99%	0.68%
25	0.97%	0.68%
26	0.96%	0.67%
27	0.95%	0.66%
28	0.94%	0.66%
29	0.93%	0.65%
30	0.91%	0.64%
31	0.90%	0.63%
32	0.89%	0.62%
33	0.88%	0.61%
34	0.87%	0.59%
35	0.85%	0.58%
36	0.84%	0.57%
37	0.83%	0.55%
38	0.81%	0.54%
39	0.80%	0.52%
40	0.78%	0.51%
41	0.77%	0.50%
42	0.76%	0.49%
43	0.75%	0.49%
44	0.74%	0.48%
45	0.73%	0.48%
46	0.72%	0.47%
47	0.71%	0.47%
48	0.70%	0.47%
49	0.69%	0.47%

Term	Volatility - 0% Floor	Volatility - 2.5% Cap
50	0.69%	0.47%
51	0.70%	0.48%
52	0.70%	0.48%
53	0.70%	0.48%
54	0.70%	0.48%
55	0.71%	0.48%
56	0.71%	0.48%
57	0.71%	0.49%
58	0.71%	0.49%
59	0.71%	0.49%
60	0.72%	0.49%
61	0.72%	0.49%
62	0.72%	0.49%
63	0.72%	0.50%
64	0.73%	0.50%
65	0.73%	0.50%
66	0.73%	0.50%
67	0.73%	0.50%
68	0.74%	0.50%
69	0.74%	0.51%
70	0.74%	0.51%
71	0.74%	0.51%
72	0.75%	0.51%
73	0.75%	0.51%
74	0.75%	0.51%
75	0.75%	0.52%
76	0.76%	0.52%
77	0.76%	0.52%
78	0.76%	0.52%
79	0.76%	0.52%
80	0.77%	0.52%
81	0.77%	0.53%
82	0.77%	0.53%
83	0.77%	0.53%
84	0.78%	0.53%
85	0.78%	0.53%
86	0.78%	0.53%
87	0.78%	0.54%
88	0.79%	0.54%
89	0.79%	0.54%
90	0.79%	0.54%
91	0.79%	0.54%
92	0.79%	0.54%
93	0.80%	0.55%
94	0.80%	0.55%
95	0.80%	0.55%
96	0.80%	0.55%
97	0.81%	0.55%
98	0.81%	0.55%
99	0.81%	0.56%
100	0.81%	0.56%

Version V1

For valuations with an effective date between 1 May 2023 and 30 May 2026, inclusive

Term	Volatility - 0% Floor	Volatility - 2.5% Cap
1	1.69%	1.39%
2	1.57%	1.26%
3	1.52%	1.19%
4	1.43%	1.09%
5	1.35%	1.01%
6	1.28%	0.94%
7	1.24%	0.89%
8	1.21%	0.86%
9	1.19%	0.83%
10	1.17%	0.81%
11	1.16%	0.79%
12	1.14%	0.78%
13	1.13%	0.76%
14	1.11%	0.75%
15	1.09%	0.73%
16	1.07%	0.71%
17	1.05%	0.69%
18	1.03%	0.67%
19	1.01%	0.65%
20	0.98%	0.63%
21	0.96%	0.62%
22	0.94%	0.60%
23	0.92%	0.59%
24	0.90%	0.58%
25	0.88%	0.57%
26	0.86%	0.56%
27	0.84%	0.55%
28	0.82%	0.54%
29	0.81%	0.53%
30	0.79%	0.53%
31	0.78%	0.52%
32	0.77%	0.51%
33	0.76%	0.51%
34	0.75%	0.50%
35	0.75%	0.49%
36	0.74%	0.49%
37	0.74%	0.48%
38	0.74%	0.47%
39	0.73%	0.47%
40	0.73%	0.46%
41	0.72%	0.45%
42	0.72%	0.45%
43	0.71%	0.44%
44	0.70%	0.43%
45	0.69%	0.43%
46	0.68%	0.43%
47	0.67%	0.44%
48	0.66%	0.44%
49	0.63%	0.46%

Term	Volatility - 0% Floor	Volatility - 2.5% Cap
50	0.60%	0.47%
51	0.61%	0.47%
52	0.61%	0.48%
53	0.61%	0.48%
54	0.61%	0.48%
55	0.61%	0.48%
56	0.61%	0.48%
57	0.61%	0.48%
58	0.62%	0.48%
59	0.62%	0.48%
60	0.62%	0.49%
61	0.62%	0.49%
62	0.62%	0.49%
63	0.62%	0.49%
64	0.63%	0.49%
65	0.63%	0.49%
66	0.63%	0.49%
67	0.63%	0.49%
68	0.63%	0.50%
69	0.63%	0.50%
70	0.64%	0.50%
71	0.64%	0.50%
72	0.64%	0.50%
73	0.64%	0.50%
74	0.64%	0.50%
75	0.64%	0.50%
76	0.64%	0.51%
77	0.65%	0.51%
78	0.65%	0.51%
79	0.65%	0.51%
80	0.65%	0.51%
81	0.65%	0.51%
82	0.65%	0.51%
83	0.66%	0.51%
84	0.66%	0.52%
85	0.66%	0.52%
86	0.66%	0.52%
87	0.66%	0.52%
88	0.66%	0.52%
89	0.67%	0.52%
90	0.67%	0.52%
91	0.67%	0.52%
92	0.67%	0.53%
93	0.67%	0.53%
94	0.67%	0.53%
95	0.67%	0.53%
96	0.68%	0.53%
97	0.68%	0.53%
98	0.68%	0.53%
99	0.68%	0.53%
100	0.68%	0.53%