



# FTSE Pension Liability Index and Discount Curve - Above Medium

Corporate | US Dollar

The FTSE Pension Liability Index reflects the discount rate that can be used to value liabilities for GAAP reporting purposes. Along with the rate, monthly returns and durations for the index's liabilities are made available. Created in 1994, it is a widely used tool for plan sponsors and actuaries to value defined-benefit pension liabilities in compliance with the SEC's and FASB's requirements on the establishment of a discount rate. The index also provides an investment performance benchmark for asset-liability management. By monitoring the index's returns over time, investors can gauge changes in the value of pension liabilities.

The FTSE Pension Liability Index is derived from Pension Discount Curve, which is a set of yields on hypothetical AA zero coupon bonds whose maturities range from 6 months up to 30 years. The yields of the FTSE Pension Discount Curve are used to discount pension liabilities. It is calculated based on a universe of AA rated corporate bonds from the FTSE US Broad Investment-Grade Bond Index (USBIG) and the yields of the Treasury model curve produced by the Yield Book.

## CONSTRUCTION OF THE FTSE PENSION DISCOUNT CURVE

The FTSE Pension Discount Above Median Curve is constructed by combining two curves: the Treasury Model Curve and a double-A corporate spread curve. The Treasury Model Curve is taken from the Yield Book as is, while the double-A corporate spread curve is generated using the following steps:

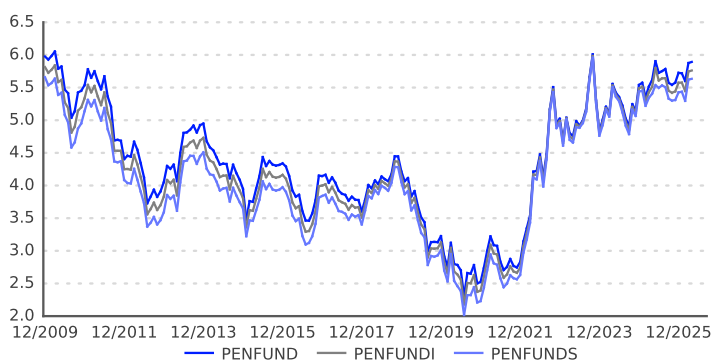
1. From the FTSE USBIG Corporate Bond Index, create an universe of corporate bonds with rating of Aa1, Aa2, and Aa3 by Moody's or AA+, AA, and AA- by Standard & Poor's.
2. Remove callable bonds with less than three years of call protection and less than ten points between the earliest call price and the market price.
3. Divide the bonds into five maturity buckets: 1-3 years, 3-7 years, 7-15 years, 15-25 years, and 25+ years.
4. Within each maturity bucket, remove any bonds with an option-adjusted spread (OAS) of more than two standard deviations above the market-weighted option-adjusted spread within the bucket. The option-adjusted spread is calculated as the spread to the Treasury Model Curve.
5. Within each maturity bucket, select for the bonds with an OAS above the median of their respective maturity bucket.
6. Calculate the market-weighted average OAS of the remaining bonds in each maturity bucket.
7. The spread curve is then interpolated between the averages from each bucket, assuming the averages are "placed" at the mid-point of each bucket (except for the 25-30 year bucket, in which case the average is placed at the 29.5-year point).
8. Combine the spread curve with the Treasury Model Spot Curve to create a spot double-A above median corporate curve.

FTSE Russell offer customization options for the Pension Liability Index and Pension Discount Curve that accommodate investor-specific liability schedules, use alternate construction of the initial universe of bonds, or calculate credit exposure of pension liabilities relative to the Pension Discount Curve.

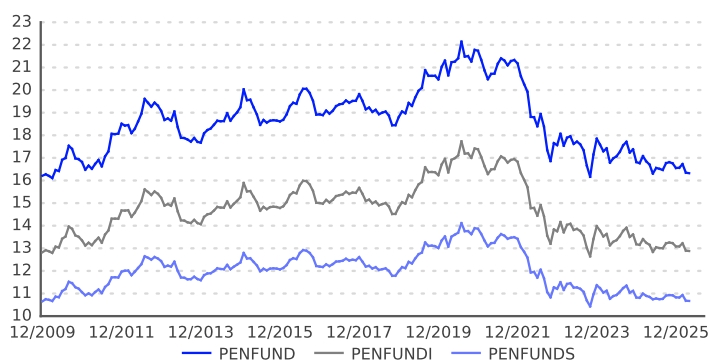
## INDEX PROFILE

Description	Discount Rate (%)	Duration	Monthly Return (%)	YTD Return (%)
<b>FTSE Pension Liability Index</b>	<b>5.892776</b>	<b>16.322237</b>	<b>0.212260</b>	<b>-0.762027</b>
FTSE Pension Liability Index - Intermediate	5.761172	12.879976	0.291193	-0.494623
FTSE Pension Liability Index - Short	5.634132	10.671719	0.339776	-0.329585

## HISTORICAL DISCOUNT RATE



## HISTORICAL DURATION



**ANNUALIZED RETURNS (in %)**

	FTSE Pension Liability Index AM	Intermediate	Short
	USD Unhedged	USD Unhedged	USD Unhedged
YTD*	-0.762027	-0.494623	-0.329585

\* Not annualized

**INDICES IN PENSION LIABILITY INDEX SUITE**

- FTSE Pension Liability AAA Index
- FTSE Above Median Triple-A Index
- FTSE Pension Liability Index
- FTSE Above Median Double-A Index
- FTSE Pension Liability A Index
- FTSE Above Median Single-A Index
- FTSE Pension Liability BBB Index
- FTSE Above Median Triple-B Index
- FTSE Pension AAA/AA Liability Index
- FTSE Above Median AAA/AA Index
- FTSE Pension AAA/AA/A Liability Index
- FTSE Above Median AAA/AA/A Index
- FTSE Pension Liability Investment-Grade Index
- FTSE Above Median Investment-Grade Index
- FTSE Pension Liability Investment-Grade Broad Bond Index, excl. Treasuries
- FTSE Above Median Investment-Grade Broad Bond Index, excl. Treasuries

© 2026 London Stock Exchange Group plc and its applicable group undertakings ("LSEG"). LSEG includes (1) FTSE International Limited ("FTSE"), (2) Frank Russell Company ("Russell"), (3) FTSE Global Debt Capital Markets Inc. "FTSE Canada", (4) FTSE Fixed Income LLC ("FTSE FI"), (5) FTSE (Beijing) Consulting Limited ("WOFE"), (6) FTSE EU SAS ("FTSE EU"). All rights reserved.

FTSE Russell® is a trading name of FTSE, Russell, FTSE Canada, FTSE FI, WOFE, FTSE EU and other LSEG entities providing LSEG Benchmark and Index services. "FTSE®", "Russell®", "FTSE Russell®", "FTSE4Good®", "ICB®", "Refinitiv", "WMR™", "FR™" and all other trademarks and service marks used herein (whether registered or unregistered) are trademarks and/or service marks owned or licensed by the applicable member of LSEG or their respective licensors. FTSE International Limited is authorised as a Benchmark Administrator and regulated in the United Kingdom (UK) by the Financial Conduct Authority ("FCA") according to the UK Benchmark Regulation, FCA Reference Number 796803. FTSE EU SAS is authorised as Benchmark Administrator and regulated in the European Union (EU) by the Autorité des Marchés Financiers ("AMF") according to the EU Benchmark Regulation.

All information is provided for information purposes only. All information and data contained in this publication is obtained by LSEG, from sources believed by it to be accurate and reliable. Because of the possibility of human and mechanical inaccuracy as well as other factors, however, such information and data is provided "as is" without warranty of any kind. No member of LSEG nor their respective directors, officers, employees, partners or licensors make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to the accuracy, timeliness, completeness, merchantability of any information or LSEG Products, or of results to be obtained from the use of LSEG products, including but not limited to indices, rates, data and analytics, or the fitness or suitability of the LSEG products for any particular purpose to which they might be put. The user of the information assumes the entire risk of any use it may make or permit to be made of the information.

No responsibility or liability can be accepted by any member of LSEG nor their respective directors, officers, employees, partners or licensors for (a) any loss or damage in whole or in part caused by, resulting from, or relating to any inaccuracy (negligent or otherwise) or other circumstance involved in procuring, collecting, compiling, interpreting, analysing, editing, transcribing, transmitting, communicating or delivering any such information or data or from use of this document or links to this document or (b) any direct, indirect, special, consequential or incidental damages whatsoever, even if any member of LSEG is advised in advance of the possibility of such damages, resulting from the use of, or inability to use, such information.

No member of LSEG nor their respective directors, officers, employees, partners or licensors provide investment advice and nothing in this document should be taken as constituting financial or investment advice. No member of LSEG nor their respective directors, officers, employees, partners or licensors make any representation regarding the advisability of investing in any asset or whether such investment creates any legal or compliance risks for the investor. A decision to invest in any such asset should not be made in reliance on any information herein. Indices and rates cannot be invested in directly. Inclusion of an asset in an index or rate is not a recommendation to buy, sell or hold that asset nor confirmation that any particular investor may lawfully buy, sell or hold the asset or an index or rate containing the asset. The general information contained in this publication should not be acted upon without obtaining specific legal, tax, and investment advice from a licensed professional.

Past performance is no guarantee of future results. Charts and graphs are provided for illustrative purposes only. Index and/or rate returns shown may not represent the results of the actual trading of investable assets. Certain returns shown may reflect back-tested performance. All performance presented prior to the index or rate inception date is back-tested performance. Back-tested performance is not actual performance, but is hypothetical. The back-test calculations are based on the same methodology that was in effect when the index or rate was officially launched. However, back-tested data may reflect the application of the index or rate methodology with the benefit of hindsight, and the historic calculations of an index or rate may change from month to month based on revisions to the underlying economic data used in the calculation of the index or rate.

This document may contain forward-looking assessments. These are based upon a number of assumptions concerning future conditions that ultimately may prove to be inaccurate. Such forward-looking assessments are subject to risks and uncertainties and may be affected by various factors that may cause actual results to differ materially. No member of LSEG nor their licensors assume any duty to and do not undertake to update forward-looking assessments.

No part of this information may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior written permission of the applicable member of LSEG. Use and distribution of LSEG data requires a licence from LSEG and/or its licensors.

The information contained in this report should not be considered "research" as defined in recital 28 of the Commission Delegated Directive (EU) 2017/593 of 7 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council ("MiFID II") and is provided for no fee.