

The table below shows the allocation of the plan assets by category during 2017 and 2016 for the German and UK plans.

	2017	2016
Insurance Policies	38%	40%
Equity Securities	36%	35%
Money Market and Cash	2%	2%
Debt Securities	24%	23%
Total	100%	100%

The principal actuarial assumptions used for 2017 and 2016 for the Germany and UK plans are presented below:

Actuarial Assumptions:	2017	2016
Discount Rate	2.90% – 5.00%	3.20% – 5.50%
Salary Increase Rate	2.25% – 5.60%	2.25% – 4.60%
Pension Increase Rate	1.75% – 3.60%	1.75% – 3.30%

Retirement and Voluntary Severance Lump Sum Payments

In 73 countries, FSN employees are provided a lump-sum separation payment when they resign, retire, or otherwise separate through no fault of their own. The amount of the payment is generally based on length of service, rate of pay at the time of separation, and the type of separation. As of September 30, 2017, approximately 24,000 FSNs participate in such plans.

The cost method used for the valuation of the liabilities associated with these plans is the Projected Unit Credit actuarial cost method. The participant's benefit is first determined using both their projected service and salary at the retirement date. The projected benefit is then multiplied by the ratio of current service to projected service at retirement in order to determine an allocated benefit. The Projected Benefit Obligation (PBO) for the entire plan is calculated as the sum of the individual PBO amounts for

each active member. Further, this calculation requires certain actuarial assumptions be made, such as voluntary withdrawals, assumed retirement age, death and disability, as well as economic assumptions. For economic assumptions, available market data was scarce for many of the countries where eligible posts are located. Due to the lack of creditable global market data, an approach consistent with that used for the September 30, 2017, FSRDF valuations under SFFAS No. 33 was adopted. Using this approach, the economic assumptions used for the Retirement and Voluntary Severance Lump Sum Payment liability as of September 30, 2017 and 2016, are:

	2017	2016
Discount Rate	2.99%	3.24%
Rate of inflation	1.63%	1.74%
Salary Increase	3.19%	3.30%

Based upon the projection, the total liability reported for the Retirement and Voluntary Severance Lump Sum Payment is \$348 million and \$326 million as of September 30, 2017 and 2016, respectively, as shown below (*dollars in millions*):

At September 30,	2017	2016
Retirement	\$ 106	\$ 101
Voluntary Severance	242	225
Total	\$ 348	\$ 326

The table below shows the changes in the projected benefit obligation during 2017 and 2016 (*dollars in millions*):

Changes in Benefit Obligations:	2017	2016
Benefit obligations beginning of year	\$ 326	\$ 301
Normal Cost	25	22
Benefit Payments	(57)	(51)
Interest Cost	11	10
Actuarial (gain) loss on assumptions	2	4
Actuarial (gain) loss due to experience	40	39
Other	1	1
Benefit obligations end of year	\$ 348	\$ 326