



PENSION CAPITAL STRATEGIES

RECESSION HITS PENSION SCHEMES AS DEFICITS SHOW BIG INCREASE, SAYS PENSION CAPITAL STRATEGIES

London, 1 July 2009 – Pension Capital Strategies Limited (PCS) has updated its regular analysis of the pension schemes of the FTSE 100 to the end of the second quarter of 2009 and can reveal that its latest estimate of the total deficit in the pension schemes of the FTSE100 amounts to £ 90 billion at 30 June 2009. This compares with an £8 billion deficit 12 months ago and a deficit of £50 billion at the end of April.

This record level of deficit comes at a time when the Pensions Regulator has just issued a statement encouraging pension trustees to be increasingly prudent. In particular the Regulator is demanding that when companies get into difficulties, the trustees should respond by toughening the assumptions used to calculate the pension scheme deficit to show an even larger deficit.

Charles Cowling, Managing Director, PCS, comments "These are very difficult times for companies and their pension schemes. We believe that the Regulator's stance of demanding that trustees react to the economic downturn by putting even more pressure on companies is a mistake. The Regulator's narrow view of prudence does not recognise that the wider interests of pension schemes and employees (which are reliant on the continuing viability of the employer) may be best served by taking a less aggressive stance."

Charles Cowling continues, "It is not surprising that companies are reacting to this combination of tough economic conditions and an increasingly unfriendly Regulator by closing down final salary pension schemes. We believe that within the next 2 to 3 years the very large majority of final salary pension schemes in the private sector will be closed to all employees."

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Notes to Editors:

About Pension Capital Strategies

Pension Capital Strategies (PCS) was established in 2006 to help companies to manage their Defined Benefit pension obligations, offering advice on managing scheme assets and liabilities, on communication with trustees and on finding the right funding solutions.

A subsidiary of the Jardine Lloyd Thompson Group, PCS can draw upon skills and experience in the areas of corporate finance, tax, capital markets, asset management, actuarial and general pension regulation and practice to provide strategic advice and practical answers.

www.pensionstrategies.co.uk