



## PENSION CAPITAL STRATEGIES

### **PENSION CAPITAL STRATEGIES REPORT FINDS £44 BILLION IMPROVEMENT IN FTSE100 PENSION SCHEMES AND INCREASING EVIDENCE OF COMPANY PENSION SCHEMES SWITCHING OUT OF EQUITIES INTO BONDS**

London, 5<sup>th</sup> November 2007 – Pension Capital Strategies Ltd (“PCS”), a leading pensions risk management and recovery advisers, has today released their quarterly report investigating the pension disclosures of the FTSE100 companies. The report’s findings reveal that the total deficit of FTSE100 pension schemes at 30 September 2007 is an estimated £2 billion, an improvement of £44 billion from one year ago.

Commenting on the findings of the report, Charles Cowling, Managing Director of PCS said:

"There is increasing evidence of FTSE 100 pension schemes reducing the mismatching of pension assets to liabilities by reducing equity holdings and increasing bond allocations. Ten FTSE 100 companies reveal that they have increased bond allocation by more than 10% over the period since their previous accounts.

"Whilst deficits seem to be improving on paper, PCS believes that FTSE100 companies are continuing to underestimate future life expectancy by about one to three years, meaning that the total pension deficit could be understated by as much as £40 million. Companies need to take a more detailed look at the life expectancy figures that they are applying to their pension scheme to avoid future problems."

Eighteen companies in the FTSE100 group disclosed a pension surplus in their most recent annual report and accounts, while seventy-five companies showed a pension deficit. However, PCS estimates that around forty companies would disclose a surplus if they had a year end of 30 September 2007.

Charles Cowling continues:

"In the last 12 months the total disclosed pension liabilities of the current FTSE 100 companies have fallen slightly from £392 billion to £390 billion. 13 companies have pension liabilities of more than £10 billion, the largest of which is BT with pension liabilities of £39 billion. However to date there has been little sign of FTSE 100 companies backing away entirely from DB pension provision, although many FTSE 100 companies have closed their DB schemes to new entrants."

The PCS report, *The FTSE100 and Their Pension Disclosures*, published in association with Numis Securities, explores the pension disclosures of the FTSE100 companies, as well as the steps being taken to address pension scheme deficits. To access the latest *The FTSE100 and Their Pension Disclosures* report, please refer to the PCS website at: [www.pensionstrategies.co.uk](http://www.pensionstrategies.co.uk).

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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.