

Latest Monthly Update

London, 1 December 2011

JLT Pension Capital Strategies (PCS) has updated its monthly index showing the funding position of all UK private sector defined benefit (DB) pension schemes under the standard accounting measure (IAS19 / FRS17) used in company reports and accounts.

As at 30 November 2011, PCS estimates the total DB pension scheme funding position as follows:

At 30 November 2011	Assets	Liabilities	Surplus / (Deficit)	Funding Level
FTSE 100 Companies	£419bn	£464bn	(£45bn)	90%
FTSE 350 Companies	£486bn	£541bn	(£55bn)	90%
All UK Private Sector Pension Schemes	£999bn	£1,126bn	(£127bn)	89%

For comparison, the corresponding figures as at 30 November 2010 are as follows:

At 30 November 2010	Assets	Liabilities	Surplus / (Deficit)	Funding Level
<i>FTSE 100 Companies</i>	<i>£394bn</i>	<i>£442bn</i>	<i>(£48bn)</i>	<i>89%</i>
<i>FTSE 350 Companies</i>	<i>£453bn</i>	<i>£510bn</i>	<i>(£57bn)</i>	<i>89%</i>
<i>All UK Private Sector Pension Schemes</i>	<i>£944bn</i>	<i>£1,060bn</i>	<i>(£116bn)</i>	<i>89%</i>

Charles Cowling, Managing Director of PCS comments:

“Strange times, strange markets; low corporate bond yields and even lower government bond yields; yet the pension scheme deficits are similar to last year.

“The impact of weak markets has been offset by lower long-term inflationary expectations, further deficit-recovery contributions and schemes holding more bonds.

“However, funding deficits are increasing significantly due to Trustees linking their pension liability calculations to government bonds rather than high-quality corporate bonds (which is the basis used for accounting liabilities). This calls into question whether the accounting position should be considered 'realistic'.”

Pension scheme deficits

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Notes to Editors:

About JLT Pension Capital Strategies

JLT 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.

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