Press Release

Latest Monthly Update

London, 28 February 2014

3 March 2014: JLT Employee Benefits (JLT EB) 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 28 February 2014, JLT EB estimates the total DB pension scheme funding position as follows:

At 28 February 2014	Assets	Liabilities	Surplus / (Deficit)	Funding Level
FTSE 100 Companies	£516bn	£569bn	(£53bn)	91%
FTSE 350 Companies	£583bn	£644bn	(£61bn)	91%
All UK Private Sector Pension Schemes	£1,149bn	£1,302bn	(£153bn)	88%

For comparison, the corresponding figures as at 28 February 2013 are as follows:

At 28 February 2013	Assets	Liabilities	Surplus / (Deficit)	Funding Level
FTSE 100 Companies	£475bn	£539bn	(£64bn)	88%
FTSE 350 Companies	£538bn	£607bn	(£69bn)	89%
All UK Private Sector Pension Schemes	£1,131bn	£1,303bn	(£172bn)	87%

Charles Cowling, Director of JLT Employee Benefits, comments: "Pension scheme funding positions have improved slightly over the year, with better-than-expected returns on equities contributing to a decrease in deficits. These gains have been largely offset due to falls in very long-term corporate bond yields, for example those with terms of more than 20 years. The impact of this is most acutely felt by less mature schemes as they are exposed to the liabilities with the longest terms.

"In February the Office for National Statistics reported that the UK's inflation rate for January, as measured by the Consumer Prices Index (CPI), fell to 1.9%. This is the first time in four years that the inflation rate has been below the Bank of England's 2% target. The measure of inflation most widely used by pension schemes, the Retail Prices Index (RPI), moved in the opposite direction and increased to 2.8%, resulting in the biggest gap between RPI and CPI since March 2011.

"These developments highlight two issues for companies. Firstly, companies with a defined benefit pension scheme that is still open should consider whether benefits earned in the future should provide RPI- or CPI-linked pension increases. A high level assessment indicates that moving from RPI to CPI could reduce ongoing benefit costs for FTSE 350 companies by up to £500m a year while still providing inflation-proofed benefits for employees. Secondly, companies should continue to monitor the appropriateness of their long-term assumption for CPI. Is their assumption appropriate now that the gap between RPI and CPI appears to be widening? Increasing the gap will lead to falls in the liabilities shown in company accounts and reductions in deficits."

- ENDS -

Notes to Editors

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About JLT Employee Benefits
JLT Employee Benefits is one of the UK's leading employee benefit providers offering a wide range of benefit and pension services, including administration, actuarial and pension consultancy, investment, Self Invested Personal Pensions (SIPPs) and Small Self Administered Schemes (SSASs) administration, flexible benefits, healthcare, benefit communication and financial education.

JLT Employee Benefits, which through the recent acquisition of Alexander Forbes Consultants & Actuaries, now employs over 2,000 professionals. In 2012 JLT Employee Benefits had revenues of some £146m in the UK.

Pensions and employee benefits companies within the JLT Employee Benefits group of companies include: JLT Benefit Solutions Ltd, Profund Solutions Limited, JLT Wealth Management Limited, JLT Investment Management Limited and Independent Trustee Services Limited. JLT Employee Benefits is part of Jardine Lloyd Thompson Group plc.

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JLT is quoted on the London Stock Exchange and owns offices in 39 territories with some 9,000 employees. Supported by the JLT International Network, it offers risk management and employee benefit solutions in 135 countries.

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