



Press Release

Latest Monthly Update

London, 31 January 2014

3 February 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 31 January 2014, JLT EB estimates the total DB pension scheme funding position as follows:

At 31 January 2014	Assets	Liabilities	Surplus / (Deficit)	Funding Level
FTSE 100 Companies	£504bn	£566bn	(£62bn)	89%
FTSE 350 Companies	£570bn	£641bn	(£71bn)	89%
All UK Private Sector Pension Schemes	£1,123bn	£1,294bn	(£171bn)	87%

For comparison, the corresponding figures as at 31 January 2013 are as follows:

At 31 January 2013	Assets	Liabilities	Surplus / (Deficit)	Funding Level
FTSE 100 Companies	£467bn	£525bn	(£58bn)	89%
FTSE 350 Companies	£531bn	£596bn	(£65bn)	89%
All UK Private Sector Pension Schemes	£1,108bn	£1,276bn	(£168bn)	87%

Charles Cowling, Director of JLT Employee Benefits comments: "Pension scheme funding positions remain unchanged over the year, but better-than-expected returns on equities have contributed to a decrease in deficits. These gains have been largely offset due to falls in long-dated 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.

"The relatively benign financial conditions we enjoyed in the third quarter of 2013 have been shaken up by the economic events of the last few days.

"Ben Bernanke's final act as the Chairman of the US Federal Reserve was to oversee the continued winding down of the Central Bank's monthly bond purchases. The \$85bn-a-month stimulus was reduced to \$75bn in December and \$65bn at the end of January. The impact on long-term interest rates remains to be seen but the gradual removal of QE is likely to create an upward pressure on interest rates and a corresponding decrease in pension liabilities.

“The expectation of interest rates rises in economies like the UK and the US has contributed to further instability in emerging market economies with capital outflows and corresponding currency weakness plaguing a number of countries including India, South Africa, Turkey and Argentina. The last few days has seen a number of these countries’ central banks raising interest rates to try and combat this, which has increased volatility in world stock markets.

“The last week has illustrated the challenges that face pension scheme trustees when formulating investment strategies for their pension assets. These short-term fluctuations are linked to medium- or even long-term changes in market expectations and thus the value placed on pension scheme liabilities.

- 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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Jardine Lloyd Thompson Group plc (JLT) is an international group of risk specialists and employee benefits consultants and one of the largest companies of its type in the world. JLT offers a distinctive choice to clients and partners through our combination of independence, scale and specialism.

JLT is quoted on the London Stock Exchange and employs over 8300 people worldwide and through the JLT International Network provides services in more than 135 countries.

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