



Press Release

Latest Monthly Update

London, 31 March 2014

1 April 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 March 2014, JLT EB estimates the total DB pension scheme funding position as follows:

At 31 March 2014	Assets	Liabilities	Surplus / (Deficit)	Funding Level
FTSE 100 Companies	£509bn	£569bn	(£60bn)	89%
FTSE 350 Companies	£576bn	£644bn	(£68bn)	89%
All UK Private Sector Pension Schemes	£1,139bn	£1,303bn	(£164bn)	87%

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

At 31 March 2013	Assets	Liabilities	Surplus / (Deficit)	Funding Level
FTSE 100 Companies	£490bn	£566bn	(£76bn)	87%
FTSE 350 Companies	£553bn	£636bn	(£83bn)	87%
All UK Private Sector Pension Schemes	£1,119bn	£1,301bn	(£182bn)	86%

Charles Cowling, Director of JLT Employee Benefits, comments: “Pension scheme funding positions have improved slightly over the year. Better-than-expected returns on growth assets combined with additional funding contributions made by companies have resulted in a decrease in deficits. The equity market took a dive in March with shares of UK life insurers twice falling sharply over the month in response to pension-related Government announcements.

“The first fall followed the Budget on 19 March which announced additional flexibilities for defined contribution pension scheme members. These changes have the potential to decimate the £12bn-a-year individual annuity market and the market responded by removing £3.5bn from the value of life insurers.

“The second bombshell was the announcement of a regulator review into historic books of insurer business. The prospect of a detailed review and retrospective changes to these policies sent shares down again, wiping another £2.5bn from the value of life insurers.

“These announcements and changes have far reaching consequences – and not just for defined contribution pension schemes.

“The Budget also announced the possibility of a ban on members transferring out of a defined benefit pension scheme and into a defined contribution scheme. We expect that there will be a surge in de-risking activity in the next six months as companies take advantage of the potentially limited opportunity to remove pension liabilities from their balance sheet. Those companies that are slow off the mark will have to contend with a capacity crunch in the IFA market as the demand for advisors that can support these exercises exceeds supply.

“In addition, a smaller individual annuity market could leave insurers with an increased appetite for defined benefit scheme bulk annuity purchases which could lead to more competition and better prices for de-risking.”

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Notes to Editors

Enquiries:

JLT Employee Benefits:

Jennifer Warner
jennifer_warner@jltgroup.com
+44 (0)1344 464 582

Smithfield Consultants:

Andrew Wilde
awilde@smithfieldgroup.com
+44 (0)20 7903 0661

Ged Brumby
gbrumby@smithfieldgroup.com
+44 (0)20 7903 0674

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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About Jardine Lloyd Thompson Group plc

Jardine Lloyd Thompson is one of the world's largest providers of insurance and employee benefits related advice, brokerage and associated services. JLT's client proposition is built upon its deep specialist knowledge, client advocacy, tailored advice and service excellence.

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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