



Press Release

Latest Monthly Update

London, 31 December 2013

1 January 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 December 2013, JLT EB estimates the total DB pension scheme funding position as follows:

At 31 December 2013	Assets	Liabilities	Surplus / (Deficit)	Funding Level
FTSE 100 Companies	£503bn	£560bn	(£57bn)	90%
FTSE 350 Companies	£566bn	£629bn	(£63bn)	90%
All UK Private Sector Pension Schemes	£1,133bn	£1,283bn	(£150bn)	88%

For comparison, the corresponding figures as at 31 December 2012 are as follows:

At 31 December 2012	Assets	Liabilities	Surplus / (Deficit)	Funding Level
FTSE 100 Companies	£459bn	£508bn	(£49bn)	90%
FTSE 350 Companies	£522bn	£577bn	(£55bn)	90%
All UK Private Sector Pension Schemes	£1,071bn	£1,243bn	(£172bn)	86%

Charles Cowling, Director of JLT Employee Benefits comments: “2013 has proved to be a tough year for UK defined benefit pension schemes. Deficit levels remain stubbornly high despite strong equity markets and significant cash contributions from sponsoring employers. Most of the improvements experienced over the year have been cancelled out by the sharp increase in inflation expectations earlier in the year.

Fortunately there has been some good news. Increases in gilt yields since April have led to lower values being placed on liabilities which will reduce deficits for schemes with more recent valuation dates. This should help to reduce cash contribution requirements for recovery plans being agreed in the New Year.

In the last five years, since the financial crisis, the equity market has performed strongly with the FTSE100 up 52% since 31 December 2008, but for pension schemes there has been no such cheer with the total deficit in the pension schemes of FTSE100 companies up by £71 billion over the same period.

The Pensions Regulator outlined its new approach to the funding of defined benefit pensions scheme in a recent consultation document. This highlights that the Regulator will be more flexible and responsive to employers' needs to invest and grow their businesses.

Employers continue to remove pension risk from their balance sheets through a variety of methods including pensioner buy-ins, longevity swaps and further closures to future accrual.

In addition there have been some exciting ideas on pension scheme design raised as part of the Defined Ambition consultation.

What will 2014 bring? Potentially more of the same. It is not clear how markets will react as the UK economy continues to strengthen. Counter-intuitively a stronger economy may lead to increased insolvencies and debt compromises as the banks take the opportunity to realise cash where it is available. The key is for employers to closely monitor their pension scheme risks and be in a position to take advantage of any opportunities as they arise."

- 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 employs over 8300 people worldwide and through the JLT International Network provides services in more than 135 countries.

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