

## Latest Monthly Update

London, 31 August 2012

JLT Pension Capital Strategies (JLT 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 31 August 2012, JLT PCS estimates the total DB pension scheme funding position as follows:

<b>At 31 August 2012</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Surplus / (Deficit)</b>	<b>Funding Level</b>
FTSE 100 Companies	£448bn	£505bn	(£57bn)	89%
FTSE 350 Companies	£515bn	£581bn	(£66bn)	89%
All UK Private Sector Pension Schemes	£1,053bn	£1,212bn	(£159bn)	87%

For comparison, the corresponding figures as at 31 August 2011 are as follows:

<b>At 31 August 2011</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Surplus / (Deficit)</b>	<b>Funding Level</b>
<i>FTSE 100 Companies</i>	<i>£404bn</i>	<i>£442bn</i>	<i>(£38bn)</i>	<i>91%</i>
<i>FTSE 350 Companies</i>	<i>£469bn</i>	<i>£515bn</i>	<i>(£46bn)</i>	<i>91%</i>
<i>All UK Private Sector Pension Schemes</i>	<i>£959bn</i>	<i>£1,042bn</i>	<i>(£83bn)</i>	<i>92%</i>

Charles Cowling, Managing Director of JLT Pension Capital Strategies comments:

"With 20-year gilts remaining under 2.5% p.a. and with corporate bond yields still falling, pension scheme liabilities are still rising. Under these conditions pension schemes are significantly affecting the values of their sponsors. Mouchel and AGA are just the latest examples where companies have attributed their problems to their pension schemes (which have had a surprising negative impact on their finances). Mouchel has been forced into administration and to sell its assets and AGA's share price fell by about 14%.

The effects of the present harsh conditions can also be viewed from the PPF (Pension Protection Fund) position. The PPF has now taken on approximately 500 pension schemes and is currently taking on about 15 DB pension schemes every month. At this rate, the PPF will have absorbed a quarter of all UK pension schemes within 7 years. Not only does this reflect a tough environment for struggling companies but it also means that the burden of the PPF levy is going to fall on a shrinking pool of surviving employers.

## Pension scheme deficits

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It is against this backdrop that trustees and sponsors need to continue to give urgent consideration to how to reduce their pension liabilities or at least how to make them more predictable."

--ENDS--

### Enquiries:

Charles Cowling	07920 834047
Isabella Young	020 7558 3387

### 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.

[www.jltpcs.com](http://www.jltpcs.com)

#### JLT Pension Capital Strategies

6 Crutched Friars  
London  
EC3N 2PH  
Tel 020 7528 4892  
Fax 020 7309 8330  
Email [solutions@jltpcs.com](mailto:solutions@jltpcs.com)  
Web [www.jltpcs.com](http://www.jltpcs.com)