

## Latest Monthly Update

London, 1 January 2013

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

<b>At 31 December 2012</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Surplus / (Deficit)</b>	<b>Funding Level</b>
FTSE 100 Companies	£459bn	£509bn	(£50bn)	90%
FTSE 350 Companies	£521bn	£577bn	(£56bn)	90%
All UK Private Sector Pension Schemes	£1,077bn	£1,195bn	(£118bn)	90%

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

<b>At 31 December 2011</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Surplus / (Deficit)</b>	<b>Funding Level</b>
FTSE 100 Companies	£425bn	£483bn	(£58bn)	88%
FTSE 350 Companies	£489bn	£557bn	(£68bn)	88%
All UK Private Sector Pension Schemes	£1,000bn	£1,120bn	(£120bn)	89%

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

"As predicted, 2012 has been a difficult year for companies and their pension schemes; however there has been some respite in the accounting positions since the beginning of the year due to the relatively favourable increase in asset values. Nevertheless the true extent of the systemic problems that exist are hidden by these accounting disclosures which do not reveal the full extent of the pain being felt by many companies with large pension obligations. The accounting rules dictate assumptions (based on high quality corporate bonds) for calculating pension liabilities which are far less onerous on companies than assumptions used by pension scheme trustees and encouraged by the Pensions Regulator. This means that cash demands from trustees are likely to far exceed the deficit funding which the accounting figures will suggest.

"Following calls from various bodies to help employers who are suffering as they try to fund their defined benefits schemes in these times of low gilt yields, DWP is to launch a consultation into smoothing the discount rates used to calculate scheme.

## Pension scheme deficits

Latest monthly update

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### 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)

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