

Latest Monthly Update

London, 31 July 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 July 2012, JLT PCS estimates the total DB pension scheme funding position as follows:

At 31 July 2012	Assets	Liabilities	Surplus / (Deficit)	Funding Level
FTSE 100 Companies	£444bn	£499bn	(£55bn)	89%
FTSE 350 Companies	£511bn	£575bn	(£64bn)	89%
All UK Private Sector Pension Schemes	£1,039bn	£1,196bn	(£157bn)	87%

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

At 31 July 2011	Assets	Liabilities	Surplus / (Deficit)	Funding Level
<i>FTSE 100 Companies</i>	<i>£416bn</i>	<i>£461bn</i>	<i>(£45bn)</i>	<i>90%</i>
<i>FTSE 350 Companies</i>	<i>£483bn</i>	<i>£537bn</i>	<i>(£54bn)</i>	<i>90%</i>
<i>All UK Private Sector Pension Schemes</i>	<i>£978bn</i>	<i>£1,089bn</i>	<i>(£111bn)</i>	<i>90%</i>

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

"Last month we thought the additional quantitative easing would further reduce bond yields, and it has. Twenty-year gilts are now yielding less than 2.5% p.a. which is incredible when one considers that at the end of 1974, when we were last in a double-dip recession, long-term gilts were yielding over 20% p.a.

"Trustees and their sponsors need to monitor carefully what effect these yield reductions have on their pension schemes and company balance sheets – banking covenants may have been breached (or may be close to being breached), and so preventive action or negotiations may be required."

--ENDS--

Pension scheme deficits

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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

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