Pension Scheme Deficits

JLT PENSION CAPITAL STRATEGIES ***Press Release***

Latest Monthly Update

London, 31 March 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 March 2013, PCS estimates the total DB pension scheme funding position as follows:

At 31 March 2013	**Assets**	**Liabilities**	**Surplus / (Deficit)**	**Funding Level**
FTSE 100 Companies	£481bn	£560bn	(£79bn)	86%
FTSE 350 Companies	£545bn	£631bn	(£86bn)	86%
All UK Private Sector Pension Schemes	£1,164bn	£1,307bn	(£143bn)	89%

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

At 31 March 2012	***Assets***	***Liabilities***	***Surplus / (Deficit)***	***Funding Level***
FTSE 100 Companies	*£433bn*	*£505bn*	*(£72bn)*	*86%*
FTSE 350 Companies	*£499bn*	*£583bn*	*(£84bn)*	*86%*
All UK Private Sector Pension Schemes	*£1,037bn*	*£1,172bn*	*(£135bn)*	*88%*

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

“Funding levels have continued to increase year on year mainly due to the improved equity market. But where now for markets, and how will this affect DB pension schemes?

Last week’s Budget included an order to the Bank of England to consider using unconventional monetary tools to boost the economy. This is expected to keep bond rates low and so maintain high pension liabilities. However if the economy is boosted then equity asset values should increase and thus help to reduce pension scheme deficits.

The Cyprus crisis is also acting to keep bond rates low. Prior to this crisis the Eurozone looked as though it was stabilising, and so UK bond rates were starting to rise, but this Cypriot effect could make UK bonds comparatively that bit more attractive.

So overall we are expecting UK bond yields to remain low keeping scheme liabilities high, but there is the prospect of better future asset returns to continue helping improve funding levels.”

--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.

As part 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

JLT Pension Capital Strategies
6 Crutched Friars
London
EC3N 2PH
Tel 020 7528 4892
Fax 020 7309 8330
Email solutions@jltpcs.com
Web www.jltpcs.com