

## JLT Pension Capital Strategies: FTSE 250 Companies Continue to Struggle as Pension Deficits Widen

**London, 14 September 2012** – JLT Pension Capital Strategies (PCS), which specialises in corporate consulting and pension scheme de-risking, has published its latest research on the pension schemes of the FTSE 250.

The latest report shows that the total deficit of the pension schemes of the FTSE 250 is estimated to be £11 billion as at 31 March 2012. This is a deterioration of £6 billion from the position 12 months ago.

Despite this increase there continues to be significant funding of pension deficits. Last year total deficit funding rose to £1.5 billion, up from £1.3 billion the year before. Balfour Beatty led the way with a deficit contribution of £102 million, but 40 other FTSE 250 companies also reported significant funding contributions over the last year.

In addition, research has shown that the average pension scheme asset allocation to bonds has risen to 52%, an increase on last year's figure of 50%, continuing the de-risking trend away from equities. Within this 10 companies reported a very significant change (over 20%) in their allocation to bonds, showing that some pension scheme trustees are prepared to make big changes.

Only 68 FTSE 250 companies are still providing more than a handful of current employees with DB benefits, showing the significant move from DB to DC, and decline in DB provision. Of these, only 12 companies (just 5% of the FTSE 250) are still providing DB benefits to a significant number of employees.

In the last 12 months the total disclosed pension liabilities of the FTSE 250 have risen from £67bn to £69bn. As at 31 March 2012, 18 companies disclosed pension liabilities in excess of £1 billion; the five companies showing the largest pension liabilities were:

Name	Total Pension Liabilities (£m)	Liabilities as a % of Equity Market Value	Surplus/(Deficit) (£m)
Invensys	5,452	340%	(428)
FirstGroup	3,450	301%	(161)
Phoenix Group	3,043	309%	408
Balfour Beatty	2,915	149%	(275)
Babcock International	2,795	98%	(215)

**Charles Cowling, Managing Director, JLT Pension Capital Strategies said:** "The size of pension deficits continues to cause much worry for FTSE 250 companies, having ballooned by £6 billion over the last year. Many companies remain in a precarious position with 18 demonstrating pension scheme liabilities in excess of their equity market value.

"Companies continue to implement de-risking strategies and close ongoing DB schemes to stop the deficit from spiralling further out of control. In conjunction with this, we have seen some aggressive bond purchases from companies to reduce exposure to equity market volatility while huge efforts have been made to increase pension contributions in order to narrow the gap.

"Unfortunately, companies will have to keep injecting significant sums of money into their pension schemes for some time as investment performance is unlikely to assist them in the short term."

**ENDS**

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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.

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