

PENSIONS FUNDING ADVISOR

Bringing you the latest pensions funding news...

Funding Barometer

Pensions & balance sheet volatility

BNY Mellon - Pensions in Reverse

BNY Mellon Asset Servicing has confirmed that balanced pooled pension funds achieved negative asset returns during the 1st Quarter 2008 (median return: -7.9%).

Aon200 Index

An aggregate surplus of £6bn is recorded at the end of April by the Aon200 Index (covering the 200 largest UK privately-sponsored DB schemes). The relative stability in this last month reflects the impact of positive equity returns being offset by falling AA corporate bond yields.

Watson Wyatt

An analysis from Watson Wyatt found that between 2007/2008 and 2010/2011, the contributions paid by employers and employees to public sector pension schemes are forecast to be £30bn lower than the accounting value of new benefits built up.

City Share Valuations Hit by Pension Liabilities

Pension scheme liabilities are having a greater impact on company share prices, according to a report by Pension Capital Strategies. The report found that c.78% of city analysts now ask for information on the solvency position of company pension schemes compared to 57% in 2007.

Working Relations

Pensions & employee / employer interactions

Aon - Wind-up Disparity

A survey of 250 trustees by Aon Consulting found that c.80% believed their final salary scheme will exist in 10 years, while over half saw their scheme lasting another 20 years. In contrast, in a separate survey conducted by Aon, only half of employers expected their schemes to last more than another 10 years. Aon cites the cause as a communication gap between the two.

Towers Perrin - Low Confidence in Buyout Firms

A Towers Perrin study found that half of UK employees would feel less confident about their pension if it was transferred to a buyout firm; older employees were more opposed to change, with 65% of workers over 45 feeling less confident.

Ineos Refining

Ineos has been meeting with the union Unite recently to continue negotiations. This follows the earlier strike at the Grangemouth oil refinery over plans to close the company's final salary pension scheme to new entrants.

Black Hole Observatory

How some companies are tackling pensions risks

EMI

Scheme-specific funding could end if The Pensions Regulator (TPR) imposes a funding solution on the EMI pension scheme. EMI has said that the scheme is in surplus but the trustees claim to have identified a shortfall of £50m. The trustees have asked TPR to use its powers to help it obtain more funding from EMI's private equity owner, Terra Firma.

Legal & General

Legal & General continue to win pensions buyout and benefits insurance business. Clients that have recently chosen L&G include: BBA Aviation (insuring pensions in payment); M-real (all benefits) and TI Group (partial buyout).

PD Pension Plan, Paternoster

The trustees of the PD Pension Plan have selected buyout firm Paternoster to insure the (c.£400m of) liabilities, rather than passing the assets over to Citigroup, owner of Powell Duffryn, the plan's sponsoring employer. The trustees used Citigroup's insurance and pensions team in an advisory capacity to de-risk the plan with inflation and interest rate hedging before the transaction.

Lane Clark & Peacock

For an in-depth review of pensions buyout activity we would recommend [LCP's Pension Buyouts report](#).

Regulatory News

The pensions legal & regulatory context

Association of Consulting Actuaries (ACA)

The ACA has claimed that the pension bill as it stands is not fit for purpose. It argues the bill still does little to offer an alternative to switching employees into defined contribution arrangements, such as removing the ban on conditional indexation.

Telent, Pensions Corporation

The Pensions Regulator (TPR) has laid out a code of practice for Pension Corporation in its governance of the Telent pension scheme. Measures include a trustee board made up of three company members, three member-nominated and three independent trustees – one of which will be made chairman.

We welcome your feedback; please do contact us with any comments or queries - 020 7812 7355.

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