



## Media Release

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For immediate release

# Xafinity: UK Corporate Pension Deficits in the Doldrums

Based on assumptions as at 31 March 2011, the Xafinity Corporate UK Pension Scheme model shows that liabilities have held fast at £1.4 trillion.

March has continued the trend seen in January and February with the FTSE closing only 85 points off the start of the month. This has helped to maintain the deficits across UK occupational pension schemes at £370 billion.

**Hugh Creasy, director at Xafinity Corporate Solutions said,** *“you would have to go back four years to find such a becalmed first quarter of the year. Pension costs have been remarkably stable and even the £40 billion wiped off pension scheme equity investments during mid month has largely been made good as equity markets rally.”*

The news will be helpful to finance directors looking to manage 31 March year ends. Creasy continued, *“Thanks to the strictures of FRS17, company balance sheets hang on the state of the financial markets on the year end itself. Stability over recent months has helped prevent nasty little surprises for finance directors.”*

### **Hugh also commented on the recent trend in price inflation.**

*“This month we have seen the Retail Prices Index pass 5%, with the Consumer Price Index not far behind. While this does not come as a great surprise, it will be starting to generate higher benefits for scheme members. In turn, we can expect to see larger deficits for those pension schemes which have not protected themselves from inflation.”*

The Xafinity Consulting model draws on the Pensions Regulator’s latest edition of the Purple Book, which was published in November 2010. The model covers 99% of the UK’s PPF-eligible DB schemes and some 12 million members, making it the most comprehensive and accurate appraisal of pension scheme funding in the UK.

ENDS

### **Note to editors:**

You can visit the Xafinity’s Corporate Solution’s web site at <http://www.xafinity.com/modelsolutions> and use the interactive tool to see how the year end funding position of Corporate UK Pensions Scheme varies under your own economic predictions.



**For more information:**

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**About Xafinity Consulting:**

Xafinity Consulting is one of the UK's leading specialists in pensions and employee benefits. Our expertise addresses the needs of both trustees and companies in pensions and actuarial services, flexible benefits, healthcare and training. We are committed to working in partnership with our clients, providing tailored solutions to maximise the returns of their benefit strategies.

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