

**Pension fund deficit widens again**

**The state of UK defined-benefit pension funds started to worsen again in August, according to the Pension Protection Fund (PPF).**

The shortfall in the 7,400 defined-benefit schemes, including final-salary pensions, widened from £158.1bn at the end of July to £173.2bn a month later.

The level has fluctuated in recent months but remains considerably worse than a year earlier.

Many employers have closed final-salary schemes because of funding shortages.

Initially, these schemes were closed to new members, but more recently existing members have been told that their retirement savings will be frozen at the current level.

The latest to join the list of businesses doing so are construction and civil engineering company Costain, and Whitbread, which owns Costa Coffee and Premier Inns.

"A £173bn deficit on any measure underlines why pensions will be a major boardroom headache not only in the recession but well into any recovery," said John Ball, head of defined benefit consulting at actuarial firm Watson Wyatt.



Final-salary pensions have become more rare