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The Pension Insider

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The Pension Insider is a monthly newsletter developed for Actuaries, Third Party Administrators, Attorneys, and Consultants who work in the pension arena. The Pension Insider was created to share ideas, success stories, coming events, and industry specific articles.

BCG Terminal Funding Company specializes in settling pension liability for terminating and ongoing pension plans. Today's Solutions for Tomorrow's Needs.

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S&P 1500 Firms See Pension Deficit Increase

(PLANSPONSOR.com) - The aggregate deficit in pension plans sponsored by S&P 1500 companies increased by \$74 billion during July, from a deficit of approximately \$231 billion as of June 30, 2011, to \$305 billion as of July 31, according to new figures from Mercer.

This deficit corresponds to an aggregate funded ratio of 83% as of July 31, compared to a funded ratio of 86% at June 30, 2011, and 81% at December 31, 2010.

Mercer says the decline in funded status was driven by a 2.0% drop in equities, partially offset by a fall in yields on high quality corporate bonds during the month. Discount rates for the typical U.S. pension plan decreased approximately 30 basis points during the month. Mercer's analysis indicates the S&P 1500 funded status peaked at 88% at the end of April, and has since seen a 5% decline.

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U.S. Pension Funded Status Falls in July

(PLANSPONSOR.com) - The funded status of the typical U.S. corporate pension plan in July fell 4.9 percentage points to 83.6%, the worst level since the beginning of the year and the lowest funded status since November 2010, according to monthly statistics published by BNY Mellon Asset Management.

A press release said pension plans were hit by both increasing liabilities and falling assets, with the most significant impact coming from a rally in long corporate bonds. Peter Austin, executive director of BNY Mellon Pension Services, the pension services arm of BNY Mellon Asset Management, attributed the rally to increased demand for U.S. Treasuries, reflecting the instability of the U.S. and European economies and investors' flight to quality.

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Liabilities increased 5.2% as the Aa corporate discount rate decreased 36 basis points to 5.17%, according to the BNY Mellon Pension Summary Report for July. Assets for the typical plan fell 0.7%, reflecting declines in U.S. and global equities, the report notes.

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Annuity Rates

Standard Pension Closeout/Terminal Funding Case Rates

No lump sums, no disability or unusual provisions

Immediates - 3.38%

Deferreds - 3.75%

50/50 Split of Immediates and Deferreds - 3.57%



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