Closure rate of pension schemes slows down

The rate of final pension scheme closures is decreasing, according to figures from the National Association of Pension Funds (NAPF).

The NAPF's annual survey shows that 31% of private sector, defined benefit schemes remained open to new members in 2007 (a fall of only two percentage points since 2006).

In 2002 some 70% of pension schemes were still open to new members, compared with 33% by 2006. A large number of pension scheme closed at the turn of the century when equity markets fell.

The survey showed that about two-thirds of schemes expect to remain open in their current or a modified form over the next five years. Modifications include higher employee contributions or a later pension age.

More than 90% of schemes reported they were fully funded.

NAPF Chief Executive Joanne Segars said: "The overall picture shows that the pension landscape is stable, although the operating environment for occupational pensions is tough and likely to get tougher."

She added that the government had to legislate to bolster current workplace pensions to ensure their future existence for today's and tomorrow's workers.

Joanne Segars: pension landscape is stable

CFOs still confident companies will cope despite credit crunch

Corporates are starting to feel the effects of the credit crunch, with 58% of chief financial officers (CFOs) of some of the UK's major companies predicting that the turmoil in the credit markets will hit their businesses in 2008.

The figures, which come from a quarterly survey by Deloitte, show a marked deterioration since September when 42% of CFOs said that they expected the credit crunch to hit their businesses.

Margaret Ewing: CFOs taking more negative view

However, the CFOs were optimistic that their companies could cope, with external and internal resources available to draw on in a prolonged credit squeeze.

Margaret Ewing, Deloitte Vice Chairman, said: "Three months ago CFOs were fairly sanguine about the impact of the credit crunch and the implications for the economy on their own business. However, as problems in credit markets have persisted, CFOs have seen more direct evidence of the effects on the cost and availability of capital. As a result, the users of corporate capital are beginning to take a more negative view of the outlook."

Just over half (52%) of CFOs said they were optimistic about their ability to find alternatives to bank borrowing, such as capital markets debt and public and private equity.

In addition, 95% of CFOs said they had additional financial resources, such as undrawn facilities, cash and saleable assets, which could be used to fund the business over the next 12 months, if necessary.

Moreover, two-thirds of CFOs said that they did not need to undertake significant refinancing of debt or bank credit for over a year.

Some CFOs said they had no near-term refinancing needs in the next two years. ■

Merger figure hits a new high

Global merger and acquisition deals reached a record volume of $4.74 trillion in 2007, according to research published by Dealogic. The figure is an increase of 21% on the previous annual high of $3.91 trillion, which was recorded in 2006.

However, there was a marked slowdown in the second half of the year, with volumes down 26% on the $2.72 trillion announced in the first half. Even so, this is still on a level with the second half of 2006, and each quarter of the year saw volumes exceed $1 trillion. The only other quarter ever to exceed $1 trillion was the last period of 2006.

According to the Dealogic report, volume dropped off in August and September, with just over $200bn worth of deals announced each month, but recovered to see October reach $311bn and November hit $485.5bn.

See deals, page 10. ■