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SEI Quick Poll: Pension Plan Sponsors Combat Volatility and Low Interest Rates; Many Prefer Not to Terminate

Liability Driven Investing and Alternative Asset Classes Remain Popular Investment Strategies

OAKS, PA -- (Marketwire) -- 09/13/12 -- SEI (NASDAQ: SEIC) today released the results of its fifth annual mid-year pension Quick Poll, revealing ongoing frustration among corporate pension plan sponsors in continuing to combat market volatility and low interest rates in 2012. Of the 110 participating U.S. and Canadian plan sponsors, more than half (55 percent) have closed the plan to new entrants, meaning that new employees cannot participate in this retirement benefit. However, given the hypothetical option of terminating a fully funded plan, more than half (56 percent) of plan sponsors said they would not terminate, as the pension remains too critical a part of their organizations' employee benefits structure.

Last year, almost half (46 percent) of participating plans were more than 90 percent funded, but this year only 28 percent said the plan was that well funded. More poll participants (37 percent) said the pension is now between 81-90 percent funded. In the U.S., 27 percent of participating pensions currently fail to meet the federal funding minimum of 80 percent. When asked whether the Moving Ahead for Progress in the 21st Century Act (MAP-21) might provide some funding relief, almost half (43 percent) of U.S. poll participants felt that it would reduce plan contributions for the 2012 plan year. Almost one-quarter (24 percent) said it was still too early to tell.

"Pension plan sponsors have faced a challenging year so far with historically low interest rates and volatile equity markets. Yet, many organizations continue to see the pension as a valuable benefit for employees and seek strategies to improve and protect plan funding status, while limiting cash contributions," said Jon Waite, Director, Investment Management Advice and Chief Actuary for SEI's Institutional Group. "Continued interest in Liability Driven Investing (LDI) strategies makes sense as they can help reduce funding status volatility by better matching a plan's assets to its liabilities, ultimately reducing the impact of the pension plan on corporate finances."

In regard to asset allocation strategies, more than half (52 percent) of poll participants invest a portion of the pension portfolio in an LDI solution, with the largest group (17 percent) allocating between 21-30 percent. The survey also found that plans which are 71-80 percent funded have the highest use of LDI strategies, at 63 percent. In an effort to capitalize on upside swings and mitigate downside losses in a volatile market environment, 40 percent of plan sponsors currently use or are developing a glidepath strategy with automatic triggers.

In the previous four years of this poll, the use of alternatives in pension portfolios steadily increased, topping out at 78 percent in 2011. While alternatives remain a popular asset class for generating returns, the poll saw a 13 percent decline, with 65 percent of participants investing in alternatives, on par with results from 2010. The overall slight decline in use of alternatives this year was impacted most prominently by plans with more than $1 billion in assets, which dropped usage by 25 percent.

The fifth annual Quick Poll was completed by 110 U.S. and Canadian executives overseeing corporate pension assets ranging in size from $25 million to over $1 billion. Of the respondents, 48 percent oversee more than $300 million in assets. None of the respondents were institutional clients of SEI.

The full North American survey results are available by e-mailing seiresearch@seic.com.

About SEI's Institutional Group
SEI's Institutional Group is the first and largest global provider of outsourced fiduciary management investment services. The company began offering these services in 1992 and today acts as a fiduciary manager to 450 retirement, nonprofit and healthcare clients in seven different countries. Through a flexible model designed to help our clients achieve financial goals, we provide asset allocation advice and modeling, investment management, risk monitoring and stress testing, active liability-focused investing and integrated goals-based reporting. For more information visit: http://www.seic.com/institutions.

About SEI
SEI (NASDAQ: SEIC) is a leading global provider of investment processing, fund processing, and investment management business outsourcing solutions that help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth. As of June 30, 2012, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers $424 billion in mutual fund and pooled or separately managed assets, including $182 billion in assets under management and $242 billion in client assets under administration. For more information, visit www.seic.com.

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