

Shell pension scheme value falls 40%

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Investments in **Royal Dutch Shell**'s Netherlands pension fund have dropped 40 per cent since the start of the year and the scheme has fallen far short of the regulatory minimum requirement, the company has told employees.

It said in a letter that contributions from some employees and the employer would have to rise. It could need increased investment of billions of pounds to comply with Dutch regulations, which demand that schemes in deficit are brought back to asset levels of 105 per cent of liabilities within three years.

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Shell will increase its contribution from 5 per cent to 23.6 per cent of pensionable salary.

Although the measures will only affect Dutch pension scheme members, the financing will have an effect on Shell, which is listed in London.

The scheme is now only 85 per cent-funded compared with 180 per cent at the end of last year. The Netherlands has one of the toughest pension funding regimes in the world but does not have a pension insurance fund to guarantee benefits for workers whose employer has become insolvent without a fully funded scheme.

The letter was published by royaldutchshellplc.com, a website used to air complaints against Shell. The letter said that its assets were 70 per cent invested in equities and there was "an above average allocation to emerging markets", both sectors that have suffered badly in the downturn.

Shell confirmed that the fund had fallen into deficit, but would not say how much more it expected to have to pay in. It is reviewing its investment strategy and has shifted some assets into government bonds.

Shell's UK pension fund shifted out of equities and into bonds in 2007, and remains in surplus.

The company said the deficit would have no effect on current pension payments, but could affect whether workers' pensions kept pace with future inflation.

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