

## Where's the debt?

Published: January 17, 2026, 4:47 pm

---

I was talking with someone who was pretty familiar with his employer's pension fund yesterday, and who also knows a bit about the economy.

He made an interesting comment. It was that his employer now holds no gilts in its pension fund. It has invested in much riskier corporate debt instead. This, as he put it, was being done in a 'chase for yield' and a need to 'match the liabilities'. In other words, the trustees have abandoned caution in an attempt to match income to their obligations. Short term accounting demands have made them leave prudence behind.

But, as he noted, this explains where the debt is in the UK economy. In 2008 it was on bank balance sheets, and they failed.

This time regulation will have reduced bank exposure so it is on pension fund balance sheets instead.

This does not matter, maybe, if there is no risk of another downturn. But that's exactly what there is now in the worldwide economy. And this time it looks like the pain could be a lot more personal for those who think their pensions can weather the storm if all are following this employer's practice.