

Knollys House, 17 Addiscombe Road, Croydon, Surrey CR0 6SR
 T 0845 600 2541 E levyinvoice@ppf.gsi.gov.uk
www.pensionprotectionfund.org.uk

EXAMPLE 6 - Disincentive Block Transfer

Trustees of:	
The XYZ Pension Scheme	Invoice Number: 12345678-12-01
Address line 1	Invoice Date: 08/10/2011
Address line 2	PSR: 12345678
Address line 3	Terms: Immediate
Address line 4	
Postcode	

Pension Protection Levy Invoice for 2011/12	Amount
Scheme-based Levy	£17,255
Risk-based Levy	£41,316
	58571
Total	£58,571

THIS INVOICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are not the person responsible for paying invoices on behalf of the above pension scheme, please pass it on to the correct person **immediately**.

If you have a query on this invoice, please telephone or email using the appropriate contact details as explained on the next page, quoting Invoice Number and Scheme Name, within 28 days of the date of invoice, that is, by **08/11/2011**. If you do not raise a query within this time frame, you may lose the right to do so.

Please pay no later than **08/11/2011**.

AN INTEREST CHARGE OF 5% PER ANNUM ABOVE THE BANK OF ENGLAND BASE RATE MAY BE APPLIED IF FULL PAYMENT IS NOT RECEIVED WITHIN 28 DAYS OF THE INVOICE DATE.

In order to ensure that payment is received safely and securely, please remit your payment by BACS/CHAPS/Internet banking to:

Bank Name:	Bank of Scotland	Sort Code:	12-20-29
Account Name:	PPF Levy Collection Account	Account No.:	06067843

Please forward remittance advice to: creditcontrol@ppf.gsi.gov.uk

Our preferred methods of payment are those above but if you are unable to pay electronically, please make cheques payable to: PPF Levy Collection Account quoting your Invoice number and forward to the PPF postal address at the top of this invoice.

Pension Protection Levy

Under section 175 of the Pensions Act 2004, the Board of the Pension Protection Fund (the Board) is required to raise a pension protection levy. This invoice is formal notification of the Board's decision of the amount of pension protection levy payable by the scheme referred to on the face of the invoice.

Under section 181 of the Pensions Act 2004, the trustees of the scheme are required to pay this amount to the Board, and the Board intends that the invoice and the supporting documentation issued with it will enable levy payers to meet their statutory obligations to pay this invoice immediately.

Querying this invoice

Queries about **participating employer** information contained in this invoice such as DUNS numbers, D&B failure scores and insolvency probabilities should be raised with our insolvency risk provider, Dun & Bradstreet (D&B), within 28 days of the date of this invoice using the following contact details:

Telephone: 0870 850 6209

E-mail: customerhelp@dnb.com (please quote – 'PPF-related query')

Address: D&B Customer Services
Marlow International Parkway,
Marlow,
Buckinghamshire, SL7 1AJ

Queries about any other part of this invoice should be raised with the PPF's Stakeholder Support Team within 28 days from the date of this invoice using the following contact details:

Telephone: 0845 600 2541

E-mail: levyinvoice@ppf.gsi.gov.uk

Address: Pension Protection Fund
Stakeholder Support Team
Knollys House, 17 Addiscombe Road
Croydon, Surrey, CR0 6SR

More detailed information about the data used to calculate this invoice and how to query it can be found in the booklet "A guide to the Pension Protection Levy 2011/12" that accompanies this invoice and on our website.

Updating your data

Should your scheme's circumstances change, you should update the Pensions Regulator's *Exchange* system with any new information when this happens. This may save time when it comes to submitting the next scheme return.

Levy collection policy

If no query is raised with the Board within 28 days from the date of the invoice and payment is not received, the Board will begin debt collection activities. The Board will carry out these debt collection activities, in ways that are compliant with applicable legislation, and in ways that are consistent with its responsibilities to stakeholders.

Your Levy Invoice Explained

The calculation of the scheme based levy and the risk based levy shown on this invoice is based on the following data and calculations in respect of the scheme.

Please see the enclosed booklet "A Guide to the Pension Protection Levy 2011/12" ("the levy booklet") for further information on the calculation of the pension protection levy. The comprehensive rules for this calculation are set out in the Board's determination under Section 175(5) of the Pensions Act 2004 for the 2011/12 levy year (the "Determination") published on the PPF website.

Data used in the Levy Calculation

Pension Protection Fund Levy Parameters (See Part C of the Determination)

For the Scheme Based Levy:

Multiplier (h):	0.000135
Scaling factor (c):	2.07

For the Risk-based Levy:

Proportion of pension protection levies to be risk-based (R):	0.8
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Scheme Assets

(See section 2 of the levy booklet that accompanies this invoice)

Scheme assets as at 1 February 2009	£70,000,000.00
Estimated scheme assets as at 31 March 2009	£80,000,000.00¹
Plus Rolled forward Scheme assets transferred in to the scheme	£19,000,000.00
S (total estimated scheme assets as at 31 March 2009)	£109,000,000.00²

Scheme Liabilities

(See section 2 of the levy booklet that accompanies this invoice)

Liabilities on a section 179 basis as at 1 February 2009	£85,000,000.00
Estimated section 179 liabilities as at 31 March 2010	£100,000,000.00¹
Plus Rolled forward Scheme liabilities transferred in to the scheme	£18,000,000.00
Plus adjustment	£1,000,000.00
L (total estimated liabilities as at 31 March 2009)	£119,000,000.00²

Data in respect of the scheme's participating employers²

(See section 2 of the levy booklet that accompanies this invoice)

Participating employer	DUNS Number	D&B Failure Score (or local equivalent (if appropriate)) ³	Insolvency Probability (P)	No of members (N)
Employer 1	12345678	95	0.000900 ^o	1,000

P (insolvency probability) = **0.000900**

Calculation of the Scheme-based Levy

(See page 8 of the levy booklet)

$$\begin{aligned}\text{Scheme-based levy} &= L \times h \\ &= \text{£}119,000,000.00 \times 0.000135 \\ &= \text{£}16,065 \text{ rounded to the nearest pound}\end{aligned}$$

Calculation of the Risk-based Levy

Underfunding calculation based on assets and liabilities

(See pages 8 - 9 of the levy booklet)

$$\begin{aligned}\text{Funding level} &= A / L \\ &= \text{£}109,000,000.00 / \text{£}119,000,000.00 \\ &= \text{91.00\%}\end{aligned}$$

Hence:

$$\begin{aligned}\text{Underfunding (U)} &= 1.36 \times L - A \\ &= 1.36 \times \text{£}119,000,000.00 - \text{£}109,000,000.00 \\ &= \text{£}52,840,000.00\end{aligned}$$

Risk-based levy calculation

(See section 2 of the levy booklet that accompanies this invoice)

$$\begin{aligned}\text{Risk-based Levy} &= U \times P \times R \times c \\ &= \text{£}52,840,000.00 \times 0.000900 \times 0.80 \times 2.07 \\ &= \text{£}78,753 \text{ rounded to the nearest pound}\end{aligned}$$

Endnotes

- 20 The figure has been derived using the Board's methodology for transforming section 179 valuation results to a section 179 basis as at 31 March 2010. The methodology is available on the Pension Protection Fund website and forms the Transformation Appendix to the Determination. The application of the relevant methodology has been verified by the PPF Actuarial Team and independently reviewed by the Government Actuary's Department.
- 21 Calculated in accordance with the Transfers Appendix to the Determination.
- 22 If you wish to appeal any DUNS numbers or insolvency probabilities in this table, please follow the D&B appeals procedure set out on the PPF website and in the enclosed booklet, using the contact details set out on the second page of this invoice.
- 23 Amended where appropriate in accordance with Part E of the Determination.
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PROTECTED