

FAS (deferred) – TUESDAY 4 JANUARY

Dear member,

I am writing to you to let you know about an important change to the way the assistance you are entitled to receive from the Financial Assistance Scheme (FAS) in the future will be calculated.

As you may know, until you start receiving your assistance, some, or all of it, may be revalued each year in line with inflation, up to a maximum of five per cent a year.

The Government has introduced new rules which mean that, instead of using the Retail Prices Index (RPI) to calculate those revaluations, we now have to use the **Consumer Prices Index (CPI)** – a measure the Government uses for its own inflation targets.

RPI and CPI both measure inflation by tracking changes in the costs of certain goods and services. But, because they do not track the same goods and services, they produce different rates of inflation.

Because the CPI figure is generally lower than the RPI figure, your assistance may not be revalued by as much as it might have if the Government continued to use RPI.

We anticipate that these changes will come into effect on **31 March 2011**. Any revaluation up to this date will be calculated using RPI while revaluations after that date will be calculated using CPI.

Once you start receiving your assistance, some, or all of it, may also increase each year in line with inflation, using CPI up to a limit of 2.5 per cent a year. Details about your individual circumstances will be sent to you in the near future.

If you need any more information or clarification about this change, then please do not hesitate to call us on our customer contact number: **0845 604 4585** or email us at members@fasonline.org.uk.

Alternatively, you can get further information from our website at www.pensionprotectionfund.org.uk or from the '**What FAS Means To You**' booklet which is available online or by contacting us on the details above.

I would like to take this opportunity to reassure you that your assistance remains safe in our hands.

Yours sincerely

Sue Rivas
Head of FAS.

The Financial Assistance Scheme is administered by the Pension Protection Fund