Introducing...

...the Pension Protection Fund

Pension
Protection
Fund

What to do next?

For further information, contact us at:

Telephone: 0845 600 2541
Textphone: 0845 600 2542

Email:
information@ppf.gsi.gov.uk

Or write to us at:

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Pension Protection Fund
Knollys House
17 Addiscombe Road
Croydon CRO 6SR

This leaflet is for guidance only. It is necessarily simplified and not a definitive statement of law or entitlement. Information in this document is based on current understanding of the legislation in force at the time of writing. Compensation will always have to be calculated in accordance with legislation which will, therefore, override in the case of any conflict.

Please note that levels of compensation paid by the PPF could be reduced by the Secretary of State for Work and Pensions, on the recommendation of the PPF.

For more detailed guidance visit our website at:
www.pensionprotectionfund.org.uk.

The leaflets highlighted can be found under the Protecting People's Pensions section of our website.

What is the Pension Protection Fund?

Established by the Pensions Act 2004, the Pension Protection Fund (PPF) opened its doors for business in April 2005 and is run by an independent board.

We pay compensation to members of eligible defined benefit, eg final salary, pension schemes whose employer has gone bust – and there are not enough assets in the scheme to buy benefits at PPF levels of compensation or above.

For further facts and figures, see our accompanying leaflet:

Ten things you should know about the Pension Protection Fund.

What does the PPF do during assessment?

During the assessment period – where we look to establish if a scheme is eligible for PPF compensation – the PPF monitors scheme trustees to ensure they take their scheme through assessment effectively and enable it to potentially transfer to the PPF successfully.

In certain circumstances, we can direct trustees in areas such as investment of scheme assets, incurring expenditure and bringing or the conduct of legal proceedings.

We will also make sure that the scheme recovers what it can from the insolvent employer.

If we ultimately take on responsibility for a scheme, we will pay compensation to scheme members.

Which pension schemes are protected by the PPF?

Pension schemes which are protected by the PPF are certain defined benefit pension schemes, providing they were not being wound up immediately before 5 April 2005.

There are about 7,800 such schemes throughout the UK.

Not all defined benefit schemes are protected by the PPF. Our website provides detailed guidance on what schemes are eligible for the PPF and what schemes are not eligible.

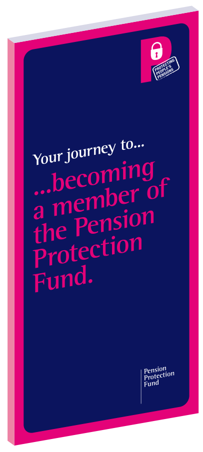
When would a scheme be taken over by the PPF?

When the sponsoring employer(s) of an eligible scheme goes bust, the pension scheme will usually enter the PPF assessment period.

A scheme will only finally transfer into the PPF if it does not have enough assets to buy PPF levels of compensation.

The scheme will withdraw from the PPF assessment process if:

- the scheme is rescued, that is a new employer takes on responsibility for the scheme, or
- the scheme has enough assets to buy benefits with an insurance company which are at PPF levels of compensation or above.



For further information about the assessment period, see our accompanying leaflet:

Your journey to becoming a member of the Pension Protection Fund.

How is the PPF funded?

We are not funded by Government. Instead, we take on the assets of schemes that transfer to us and collect what we can from insolvent employers.

Other sources of income are returns on our own investments and we collect a compulsory levy, much like an insurance premium, from eligible schemes.

How much compensation does the PPF pay?

Members who have reached their scheme's normal pension age, will generally receive 100 per cent compensation for what they should have received at the time their employer went bust.

We will also generally pay 100 per cent compensation to those who have retired on legitimate ill-health grounds, regardless of age, and those receiving a pension in relation to someone who has died at the time that the employer went bust.

Those members who have not yet retired will receive up to 90 per cent compensation on reaching retirement age. Members who have retired but have not reached the normal pension age of their scheme will also receive up to 90 per cent compensation.

These 90 per cent compensation levels are also subject to a cap which is recalculated every year for new pensioners.

Increases in future payments for members probably won't be as much as they would have been under their pension schemes.

For full details about how compensation works, see our accompanying leaflet:

Help! My employer has gone bust … and I think I might lose my pension.