

What is the Pension Protection Fund (PPF)?

The Pension Protection Fund was established to pay compensation to members of eligible defined benefit pension schemes, when there is a qualifying insolvency event in relation to the employer, and where there are insufficient assets in the pension scheme to cover Pension Protection Fund levels of compensation.

What is the initial level of benefits provided by the Pension Protection Fund?

If you are a member of an eligible scheme, and you have reached the scheme's normal pension age, the PPF will pay you 100% compensation for what you should have received at the time your employer became insolvent. They will also pay 100% compensation to those who have retired on legitimate ill-health grounds, regardless of age, and to those receiving a pension in relation to someone who has died.

If you have retired but have not yet reached the normal pension age of your scheme, the PPF will pay you up to 90% compensation. The same applies if you are yet to start receiving pension payments. The total level of compensation is subject to an overall cap, which as at April 2009, for age 65 was set at £31,936.32 per annum. This equates to £28,742.69 pension per annum for those receiving compensation at the 90% level. The cap will be adjusted according to the age at which the compensation comes into payment.

What level of future increases does the PPF provide?

Pensions built up before 6 April 1997 would not receive any increases in payment. Pensions built up after 5 April 1997 would receive increases in line with price inflation (capped at 2.5% per year).

Where can I find further detailed information on the PPF?

If you would like further information you can visit the Pension Protection Fund web site at www.pensionprotectionfund.org.uk.