

PREMIER PENSIONS MANAGEMENT

LEGISLATION UPDATE: 08/08

Pension Protection Fund (PPF) Levy

The Pension Protection Fund has announced a much larger than expected increase to its levy scaling factor. The final figure has been set at 3.77 for the 2008/09 year, compared to an estimated factor of 1.60. This change is mainly as a result of many employers taking action to reduce their levies as the PPF has to collect a fixed amount each year of £675 million.

This change will have the greatest impact on schemes who have taken no action, as their levy will now be more than double their previous expectations. Even schemes which have taken steps to improve their insolvency rating or paid money into their pension scheme will have to pay more than they previously expected.

This example illustrates the kind of increase which could arise compared to the actual levy collected for last year. This illustration also takes account of the changes that have been made to the underfunding risk assessment of the pension scheme.

PPF Levy Calculator

Scheme Assets at relevant date	<input type="text" value="£ 45,000 m"/>	Any Deficit Reduction Contributions or Contingent Assets?	<input type="text" value="No"/>
PPF Liabilities at relevant date	<input type="text" value="£ 43,500 m"/>		
Dun & Bradstreet Failure Score	<input type="text" value="70"/>		
Single or Multi-Employer Scheme?	<input type="text" value="Single"/>		

<table border="0" style="width: 100%;"> <tr> <td>Funding Level</td> <td style="text-align: right;">103.4%</td> </tr> <tr> <td>Scheme Based Levy</td> <td style="text-align: right;">£6,960</td> </tr> <tr> <td>Risk Based Levy</td> <td style="text-align: right;">£16,155</td> </tr> <tr> <td>2007/08 PPF Levy</td> <td style="text-align: right;">£23,115</td> </tr> </table>	Funding Level	103.4%	Scheme Based Levy	£6,960	Risk Based Levy	£16,155	2007/08 PPF Levy	£23,115	<table border="0" style="width: 100%;"> <tr> <td>Funding Level</td> <td style="text-align: right;">103.4%</td> </tr> <tr> <td>Scheme Based Levy</td> <td style="text-align: right;">£7,178</td> </tr> <tr> <td>Risk Based Levy</td> <td style="text-align: right;">£101,320</td> </tr> <tr> <td>2008/09 PPF Levy</td> <td style="text-align: right;">£108,498</td> </tr> </table>	Funding Level	103.4%	Scheme Based Levy	£7,178	Risk Based Levy	£101,320	2008/09 PPF Levy	£108,498
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This update includes general information and cannot be relied upon for individual schemes issues. You should contact your adviser or Paul Couchman at Premier Pensions Management Ltd, Capital Business Centre, Units 14 & 15, 22 Carlton Road, South Croydon, Surrey, CR2 0BS. DL: 020 8916 2129. Email: paul.couchman@premierpensions.co.uk, if you require definitive advice