Quattro Pensions
CONSULTING ACTUARIES
news bulletin

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Highest level of claims in PPF history

The PPF saw the highest level of claims in its history in 2017/18, and further large claims are expected in the near future.

The levy parameters remain unchanged for the 2019/20 levy year but the PPF has warned that this may need to change for the following year.

There are a number of levy issues for trustees and employers to be aware of in the meantime.

Review of 2018/19 changes

In 2018/19, the PPF changed the way it measured a company's insolvency risk, which resulted in a fall in the proportion of the levy paid by small-to-medium sized enterprises. The PPF has reviewed these changes and concluded that they are operating well, so there is no need to make changes beyond a few minor adjustments.

Another change in 2018/19 allowed certain schemes to **certify contributions themselves, based on information readily available**, without needing an actuary to do so. This option remains, and the PPF has clarified the circumstances in which it may be used. Speak to your scheme actuary to see whether this option is available to you.

Superfunds

The Government is consulting on the emergence of commercial models for pension scheme consolidation.

New legislation is being developed in order to provide a regulatory regime for these so-called "superfunds", which will inform how the PPF should calculate the appropriate levy.

The PPF is aware that some superfunds may emerge before any new regulatory framework is in place. It has therefore put in place plans for what it deems an appropriate levy for the 2019/20 levy year.

For further information on superfunds, see our October 2018 Pensions Update.

Re-execute contingent assets

Schemes with type A and B contingent assets that include a fixed sum element will need to re-execute those agreements using the standard form available on the PPF's website.

The **re-executed versions must be certified by 31 March 2019** if they are to be recognised in the 2019/20 levy calculation.

Levy estimate

The PPF estimates it will collect **£500 million in levies in 2019/20, a reduction from £550 million in 2018/19**. Under its plans schemes' levy amounts should be relatively stable compared with last year, provided they do not present an increased risk to the PPF.

However, if the new levy band is worse than last year, **individual schemes could still see a significant increase**.

The PPF has warned that levies may need to increase next year if the current high level of claims continues. Employers should budget for an increase.

Actions trustees and employers can take to check they are paying the correct levy include:

Review Experian data

Check that the information the PPF will use to calculate your scheme's levy is correct at www.ppfscore.co.uk. It's often not possible to backdate changes, so the earlier issues are spotted, the better.

Certify deficit contributions

Certificates should be submitted to the PPF by 30 April 2019. See left for further details.

Certify contingent assets

The PPF requires existing fixed cap agreements to be re-executed by March 2019. See left for further details.

Certify excluded mortgages

The age of a mortgage feeds in to the PPF levy calculation – newer mortgages are viewed less favourably. Certain mortgages can be disregarded for this purpose, e.g. "Refinancing mortgages" and "immaterial mortgages". Immaterial mortgages must be recertified each levy year.

Consider updated valuation

The PPF's method of projecting valuation results doesn't take into account the changes that a full actuarial valuation would consider. If your scheme's membership has changed significantly, it may be worth submitting an earlier valuation.

Scheme transfers

The PPF has updated its guidance where all or part of a scheme is transferred to another, and made changes to the information it requests.

Please speak to your usual Quattro contact to find out more about the issues and how they may affect you.

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