

## October 2025 factor changes explained

Here are some examples to demonstrate what might happen in normal, early and late retirement scenarios. These are just illustrations, so it's really important to find out what these changes mean for you by using our 'Quote and Retire' tool. Alternatively, you can send us a secure message or call our contact centre on 0330 123 2222 to request retirement quotes for before and after the change.

### Normal retirement

Mary would be 65 in October 2025 and she is entitled to compensation from the PPF. She's heard the PPF are amending their factors around the same time and wants to know what this would mean for her and whether it might be beneficial for her to take her compensation a few days earlier.

She already knows that she is entitled to a total of £1,000 p.a. compensation at her normal pension age of 65, which is made up of £500 p.a. of pre-97 compensation and £500 p.a. of post-97 compensation. She has considered her options and decided that she would like to take the maximum tax-free cash lump sum. She asks for retirement quotations as at 30 September 2025 and 1 October 2025.

For the earlier quote (based on the current factors) and taking the most cash she is allowed to, she would give up £290 p.a. of her £1,000 p.a. compensation and receive a lump sum of £4,761 and annual compensation of £710 p.a. If she waits until the new factors come into force, she would give up £305 p.a. of her £1,000 p.a. compensation and receive a lump sum of £4,653 and annual compensation of £695 p.a.

The table below shows an even wider range of options Mary could take, and the impact of each option.

	Using current factors			Using new factors			Difference	
	Compensation exchanged	Lump sum received	Remaining compensation	Compensation exchanged	Lump sum received	Remaining compensation	Lump sum received	Remaining compensation
All as annual compensation	£0 p.a.	£0	£1,000 p.a.	£0 p.a.	£0	£1,000 p.a.	No change	No change
Exchange £100 p.a. for cash lump sum	£100 p.a.	£1,665	£900 p.a.	£100 p.a.	£1,541	£900 p.a.	£124 decrease	No change
Exchange maximum permitted compensation for cash lump sum	£290 p.a.	£4,761	£710 p.a.	£305 p.a.	£4,653	£695 p.a.	£108 decrease	£15 p.a. decrease

### Early retirement

John would be 60 in October 2025. He is also entitled to compensation payable from age 65, but decides to retire five years early. His compensation is also £1,000 p.a. made up of £500 p.a. of pre-97 compensation and £500 p.a. of post-97 compensation. This will be reduced to reflect his early retirement and the fact that his compensation will, therefore, be paid for longer.

He also requests retirement quotations as at 30 September 2025 and 1 October 2025. From the earlier quote (based on current factors), his compensation if he does not take a lump sum will be £829 p.a. If he were to wait until the new factors come into force, it would be £797 p.a.

If he opts to receive the maximum lump sum, then on the current factors his annual compensation would reduce to £608 p.a. with a lump sum of £4,080. If he were to wait for the new factors, he would receive annual compensation of £570 p.a. with a lump sum of £3,824.

The table below shows an even wider range of options John could take, and the impact of each option.

	Using current factors			Using new factors			Difference	
	Compensation exchanged	Lump sum received	Remaining compensation	Compensation exchanged	Lump sum received	Remaining compensation	Lump sum received	Remaining compensation
All as annual compensation	£0 p.a.	£0	£829 p.a.	£0 p.a.	£0	£797 p.a.	No change	£32 p.a. decrease
Exchange £100 p.a. for cash lump sum	£100 p.a.	£1,880	£729 p.a.	£100 p.a.	£1,716	£697 p.a.	£164 decrease	£32 p.a. decrease
Exchange maximum permitted compensation for cash lump sum	£221 p.a.	£4,080	£608 p.a.	£227 p.a.	£3,824	£570 p.a.	£256 decrease	£38 p.a. decrease

Please note that the impact of the new early retirement factors will vary depending on, for example, how many years earlier you retire and the age you retire at. The actual impact for you can be shown by using Quote and Retire, which is available on our member website.

The Benefit Modeller on our website will continue to use the current factors until 1 October 2025 and should not be used to compare how your benefits could change from this date.

### Late retirement

Mohammed would be 65 in October 2025. He was entitled to compensation payable from age 60, but decided to retire five years later. His compensation is also £1,000 p.a. made up of £500 p.a. of pre-97 compensation and £500 p.a. of post-97 compensation. This will be increased to reflect his late retirement and the fact that his compensation will be paid for a shorter time.

He also requests retirement quotations as at 30 September 2025 and 1 October 2025. From the earlier quote (based on current factors), his compensation if he does not take a lump sum will be £1,378 p.a. If he were to wait until the new factors come into force, it would be £1,415 p.a.

If he opts to receive the maximum lump sum, then on the current factors his annual compensation would reduce to £980 p.a. with a lump sum of £6,560. If he were to wait for the new factors, he would receive reduced annual compensation of £983 p.a. with a lump sum of £6,582.

The table below shows an even wider range of options Mohammed could take, and the impact of each option.

	Using current factors			Using new factors			Difference	
	Compensation exchanged	Lump sum received	Remaining compensation	Compensation exchanged	Lump sum received	Remaining compensation	Lump sum received	Remaining compensation
All as annual compensation	£0 p.a.	£0	£1,378 p.a.	£0 p.a.	£0	£1,415 p.a.	No change	£37 p.a. increase
Exchange £100 p.a. for cash lump sum	£100 p.a.	£1,665	£1,278 p.a.	£100 p.a.	£1,541	£1,315 p.a.	£124 decrease	£37 p.a. increase
Exchange maximum permitted compensation for cash lump sum	£398 p.a.	£6,560	£980 p.a.	£432 p.a.	£6,582	£983 p.a.	£22 increase	£3 p.a. increase

Please note that in some cases, late retirement can result in an increase in the lump sum and remaining compensation from using the new factors. The impact of the new late retirement factors will therefore vary depending on for example how many years later you retire and the age you retire at. The actual impact for you can be shown by using Quote and Retire, which is available on our member website.

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