Pension
Protection
Fund

Protecting people's futures

A guide to the Pension Protection Levy 2020/21

About this booklet

This booklet is designed to help you understand your pension protection levy invoice and tell you what to do if you have any questions. It is intended to complement the invoice so we suggest they are kept together.

Where words or terms are capitalised they should be interpreted as in the 2020/21 Levy Rules (Determination).

Inside, we make frequent references to pages on **our website**.

This booklet is available on our website should you wish to print further copies. If you view the booklet online you will be able to follow links within the document to additional information on our website.

Pension Protection Fund (PPF)

In April 2005, the Pension Protection Fund was set up to protect members of eligible defined benefit and hybrid pension schemes when the employer becomes insolvent and the scheme cannot afford to pay members' benefits at PPF levels of compensation.

The PPF was established by Parliament in the Pensions Act 2004 and is a public corporation, independent from Government.

Pension Protection Levy

The annual levy on schemes eligible for PPF protection is one of four ways that the PPF is funded. We also generate income from:

- recoveries of money and other assets from insolvent employers of schemes that we take on
- taking on the assets of schemes that transfer to us, and
- returns on our own investments.

Experian

Experian is the business information supplier that provides the PPF with insolvency risk scores and associated Levy Bands and Rates for most employers and guarantors of schemes that pay the pension protection levy. You can find out more about averaging of monthly scores, the allocation to one of ten Levy Bands and the corresponding Levy Rates later on in this booklet. Scheme trustees and employers can access their monthly scores and other information through the Pension Protection Score Portal.

The Pensions Regulator

The Pensions Regulator (the Regulator) is the UK regulator of work-based pension schemes. It is a separate body from the PPF and has many different functions. It works to improve confidence in work-based pensions by protecting members' benefits, promoting good administration of pension schemes and reducing the risk that scheme members may need PPF protection.

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Introduction

The PPF Levy is an important source of funding for the PPF and helps ensure that we can provide protection to more than 10 million members of eligible schemes. It is payable by all eligible schemes (whose members are protected by the PPF if their scheme employer(s) become insolvent).

This section provides a summary of the key features of the levy in 2020/21. The calculation is largely unchanged though your levy may vary from last year if any of the factors have changed.

The PPF Levy is calculated using factors that are set in legislation (Pensions Act 2004 and subsequent regulations). The PPF levy has two parts

(i) **Scheme-based levy** – this is paid by ALL eligible schemes and it is calculated as a small part of the scheme's liabilities

(ii) **Risk-based levy** – this is only paid by schemes that are not sufficiently well-funded calculated using scheme return information provided by scheme trustees. We also take account of the risk of the employer becoming insolvent and the investment risk of the assets held by the scheme.

Scheme-based levy (SBL)

This is calculated, based upon the scheme liabilities reported by trustees on section 179 (s179) valuations. Schemes are required to complete s179 valuations every three years and we use the most recently submitted. These valuations include both scheme assets and liabilities.

The asset and liability values on the s179 valuation have been adjusted using five year financial market averages up to 31 March 2020.

This adjusted liability value has been used to calculate the scheme-based levy using the following formula

SBL calculation

Unstressed liabilities (UL) x scheme-based levy multiplier (SLM) (0.000021)

Example: Scheme has unstressed scheme liabilities of £50 million

£50 million x 0.000021 = £1,050

Risk-based levy

The risk-based levy uses the following formula

Underfunding (U) x Insolvency Risk (IR) x Levy Scaling Factor (LSF)

Underfunding

Schemes only pay the risk-based levy if they are underfunded. Schemes are underfunded if their liabilities exceed their assets. As mentioned above we use s179 valuation information and adjust it. In addition we apply stresses to the asset and liability values. The funding position is usually worse after stressing and it is the worse of stressed/unstressed that we use in the calculation. **If there is no underfunding then no risk-based levy is payable.**

Section 2 provides more detailed information on the underfunding calculation including how additional contributions that meet certain requirements (deficit-reduction contributions) and other risk reduction measures (certain types of contingent assets) can reduce underfunding.

Insolvency Risk

The second element of the risk-based levy is the insolvency risk of the scheme's sponsoring employer(s).

For most scheme employers we use the insolvency risk scores calculated by Experian using the PPF-specific model (primarily using annual accounts information) to assess this risk. A smaller number of employers are assessed using credit ratings (or a model that replicates ratings – the S&P Credit Model). We use a Mean Score (the average of twelve monthly scores to the end of March 2020) which is linked to one of ten Levy Bands. Each Levy Band has its own Levy Rate which is used in the calculation.

Section 2 provides a more detailed explanation including the way in which employers are categorised within the PPF-specific model, how we calculate insolvency risk for multiple employer schemes, and how parental guarantees (Type A contingent assets) can affect this part of the calculation.

Levy Scaling Factor

The Levy Scaling Factor (LSF) is a single factor that is used in all risk-based levy calculations. For 2020/21 the LSF is 0.48.

Risk-based levy cap

There is a maximum amount that any scheme can be charged which is set at 0.50% of unstressed scheme liabilities. So a scheme with unstressed liabilities of £20 million cannot be charged more than £100,000.

1. What's new to levy

We have introduced a number of things this year to improve the service we provide you, and which could impact your levy invoice. This section sets out these new introductions and how you can take advantage of them.

Payment options

The COVID-19 pandemic has had a significant impact on cash-flow and asset valuations for many businesses and schemes. We understand this may mean the 28 day term for payment of your levy invoice is difficult to meet. In these circumstances, an extension of terms might be helpful to manage payment of your levy.

We've introduced a COVID-19 easement to payment terms. Schemes or the sponsoring employers of those schemes can request that the payment terms of their invoice are extended from 28 to 90 days if they have been negatively impacted by COVID-19. The option to apply for a payment plan for those who are struggling to pay the levy is also still available.

You can find out more about options for help paying your levy on **our website**.

GMP equalisation adjustment

If the annual accounts of your scheme's sponsoring employer(s) include an adjustment for the cost of GMP equalisation, this could lead to a higher insolvency risk score. We expect, for a small number of scheme employers, this may result in their insolvency risk score moving into a higher risk levy band.

If you think this affects your scheme you can apply for an adjustment to your scheme employer's mean score.

The application form and criteria for application can be found on **our website**.

Electronic invoicing

We've received feedback asking us to make it easier for you to keep track of your levy invoices more efficiently, and in response to this we have introduced electronic invoicing.

All schemes will receive an electronic invoice to the Levy Contact email address listed on TPR's Exchange database (or other contact email address in the absence of a Levy Contact).

You can sign up to paperless invoicing on **our website** to receive electronic invoices instead of a paper version in future years.

Levy hub page

We've introduced a 'hub page' on our website to provide help and guidance when interacting with the levy. You'll find information specific to each year's invoicing cycle on our levy year pages, a timeline that sets out deadlines throughout each year and lots of useful information about ways to reduce your levy.

You can explore the levy hub on **our website**.

Levy receipts

Last year we introduced a receipting service to notify the Levy Contact held on TPR's Exchange database when payment of the levy is received. This will be the first year where this service has been available during the full year's invoicing cycle, so look out for your receipt once your levy bill has been settled.

2. Payment of the 2020/21 levy

You have been sent a pension protection levy invoice because we believe your scheme to be one that the Board is required by law to levy.

The invoice details the amount of 2020/21 pension protection levy due from your scheme under sections 175-181 of the Pensions Act 2004.

How can I pay this levy invoice?

Please pay by BACS, CHAPS or internet banking, quoting your scheme name and invoice number. These are the simplest, most secure and effective methods, helping to reduce administration costs.

Bank details to pay the levy

Sort code	**40-41-70**
Account no	**20001465**
Account name	**PPF Levy Collection Account**
Bank name	**HSBC**
IBAN	**GB81 MIDL 404170 20001465**
SWIFT/BIC	**MIDLGB22**

If you can only pay by cheque, please make it payable to PPF Levy Collection Account and send it along with a copy of the invoice to:

Pension Protection Fund
Renaissance
12 Dingwall Road
Croydon
CR0 2NA

Please note that you should speak to your bank to query any payment made.

Please forward your remittance advice to us at **creditcontrol@ppf.co.uk**. Further details are on your invoice.

Confirmation that a payment has been made from the relevant account will be sent out automatically to the Levy contact listed on Exchange.

If a duplicate payment is made please contact **creditcontrol@ppf.co.uk** with details of the payments and which one you would like to be returned. Please note that we can only return payments to the same bank account for your security.

What does this invoice not cover?

The Pensions Regulator invoices separately for a number of other levies:

Administration Levy
This covers the cost of running the PPF.

General levy
This covers the cost of The Pensions Regulator, Pensions Ombudsman and the Pension Advisory Service.

Fraud Compensation Levy
Supports the Fraud Compensation Fund which meets claims as a result of losses to schemes which are attributable to dishonesty.

When do I have to pay it?

The invoice is due for immediate payment. Unless you have agreed an extension to payment terms with us, an interest on late payment charge of 5 per cent per annum above the Bank of England base rate will start accruing after 28 calendar days if your levy invoice remains unpaid (see page 8 – Interest on Late Payments).

Our Credit and Collections team will begin debt collection activity in line with the Board's levy collection policy if payment is not received within 28 calendar days of the invoice date and an extension to payment terms has not been agreed.

Help paying your levy

If your scheme or the sponsoring employer of your scheme is struggling to meet the levy payment within the 28 calendar day timeframe there are ways to extend your payment terms.

COVID-19 payment extension

The COVID-19 pandemic has presented significant impact on cash-flow and asset valuations for many businesses and schemes. We understand this may mean the 28 calendar day term for payment of your levy invoice is difficult to meet. In these circumstances, an extension of terms to up to 90 days might be helpful to manage payment of your levy.

Levy payment plans

Our payment plan policy allows you to apply for a payment plan if you can prove you're genuinely struggling to meet the levy payment within the 28 calendar day timeframe.

More detail can be found on **our website**.

Payment of the 2020/21 levy continued

If you think your scheme is not eligible

Some defined benefit or hybrid pension schemes are not liable to pay the PPF levies. **Our website** contains a summary of the criteria which might make a scheme ineligible.

If you have received an invoice but think that your scheme may be ineligible, you may also want to consider the legislation covering eligibility which is in section 126 of the Pensions Act 2004 and the Pension Protection Fund (Entry Rules) Regulations 2005 (SI 2005/590), as amended, which are available on the UK Statute Law Database at **legislation.gov.uk**

If you believe you are ineligible, you should complete the Ineligibility Application Form and send it to the levy customer support team at **eligibilityandwaivers@ppf.co.uk**, clearly indicating that you are applying for ineligibility. Forms will soon be available for online submission. If you require further information or have any additional questions about whether your scheme is ineligible, you can contact our levy customer support team (0345 600 2541, or email as above) within 28 calendar days of the date of your invoice and before you pay your invoice.

If you think your scheme should have its 2020/21 levy waived

There are a limited number of circumstances where we may waive either the whole levy or the risk-based levy, but the scheme will continue to be eligible for the PPF. An application can result in the levy being waived for one levy year only; a separate application must therefore be made for each subsequent year that you seek a waiver.

Once schemes have paid their levy invoice they cannot be granted a waiver under any circumstances. Therefore it is important that you consider the criteria for levy waivers and whether you wish to apply for a waiver before you make a payment.

Guidance is available on the levy waivers page of our website. The criteria for levy waivers are set out in the Pension Protection Fund (Waiver of Pension Protection Levy and Consequential Amendments) Regulations 2007 (SI 2007/771) which are available at **legislation.gov.uk**. A waiver can only be granted after you have been issued an invoice, not before. Please note that we have no discretion to waive the levy in other cases.

If your scheme meets the criteria to have the levy waived, you should complete and submit a waiver application form on **our website**. You must make your application before you pay the invoice and within 28 calendar days of the date of your invoice – it is crucial that you meet this timescale because it cannot be extended.

If you require further information or have any additional questions about applying to have your levy waived, you can contact our levy customer support team within 28 calendar days of the date of your invoice and before you pay your invoice.

Payment of the 2020/21 levy continued

Paying your levy after 28 calendar days can lead to interest being charged, even if you are appealing against the amount on the invoice. Where an extension to payment terms has been approved interest charges may be waived or reduced.

Interest on late payments

An interest on late payment charge of 5 per cent per annum above the Bank of England base rate will start accruing after 28 calendar days if your levy invoice remains unpaid. Interest will accrue on the scheme's levies if they remain unpaid during an Experian appeal or PPF review if an invoice has been issued (it is possible to lodge an Experian appeal before an invoice is issued).

If we have agreed an extension to payment terms with your scheme, interest charges may be waived or reduced for payments after 28 calendar days.

To avoid the risk of paying levy interest in the event that your Experian appeal or PPF review is unsuccessful, you can pay the full amount of the invoice. This will not prejudice your Experian appeal or PPF review. However, you may wish to consider the financial consequences with regard to the interest you may be charged for late payment against the opportunity of using the same funds differently. Once a successful Experian appeal or PPF review is concluded, any overpayment will be refunded as soon as possible.

We will consider waiving accrued interest but this will depend on the circumstances of the case.

Please note, where an invoice for interest on late payment is raised, the invoice will be sent to the original invoice address (unless notified).

For more information on how to raise a PPF review or Experian appeal, please see Section 3 of this booklet.

Interest on late payment calculation

Amount outstanding X ((Days outstanding/365) X (Base Rate% + 5%)) = amount of interest for the period, to two decimal places.

Schemes/parts in assessment

The levy for schemes in a PPF assessment period is nil, provided that a scheme failure notice was issued by 31 March immediately preceding the relevant levy year, and has become binding before the calculation of that scheme's levy.

If an eligible scheme has more than one employer, one of the employers becomes insolvent and the scheme is not a last man standing scheme, then the part of the scheme linked to the insolvent employer will start an assessment period. The rest of the scheme will continue to operate. In this case, the levy for the part(s) of the scheme in assessment is nil. The continuing part will pay a levy based only on the continuing part(s) of the scheme.

Where part of a scheme entered assessment before 31 March immediately preceding the relevant levy year, but the s179 valuation has not been updated to reflect the change, we calculate the levy for the continuing part by apportioning the assets and liabilities between the parts according to the number of members for each part of the scheme.

3. Levy calculation

Information used in your levy calculation

We have used the scheme return, which includes section 179 valuation data submitted via Exchange on or before 31 March 2020, to calculate the levy.

Data that goes into your levy calculation includes:

- the most recent s179 valuation information submitted via your annual scheme return/Exchange
- block transfers certified no later than 30 June 2020 via Exchange, where applicable
- the Mean Score for each scheme employer and guarantor, averaged using the monthly scores from April 2019 to March 2020 and the corresponding Levy Rate
- information on bespoke investment risk stress tests where supplied to the Regulator
- Asset Backed Contribution (ABC) certificates submitted by e-mail to the PPF.

Additional information, submitted via The Pensions Regulator's Exchange system, which may reduce your levy bill:

- deficit reduction contributions made since the last s179 valuation and correctly certified by 30 April 2020
- contingent assets pledged to the scheme that were certified or re-certified by 31 March 2020 (with hard copy documents received by the PPF by 5pm on 1 April 2020).

We will not generally use information that has not been submitted by the relevant deadlines for that levy year and/or in the form specified by the PPF or the Regulator, though we do have the right to do so if we consider it necessary in order to charge an appropriate levy.

How we use this information

The Levy Rules (Determination), its appendices and related guidance can be found in the resource library and on the 'What is the levy and who has to pay it' page on our website.

The Levy Rules (Determination)

The Levy Rules for calculating the scheme-based and risk-based levies form the Determination under Section 175(5) of the Pensions Act 2004 (sometimes referred to as 'the Determination'). These Rules, on which we have consulted, detail how we have to treat your scheme and employer data for the purposes of the levy. The Levy Rules are a legal document and, as such, govern the way we calculate the levy.

The Levy Rules and appendices for the current levy year can be found on our website. The information in this guide is based on the Levy Rules for the 2020/21 levy year. We plan to publish a Consultation Document concerning the 2021/22 Levy Rules in the autumn of 2020.

Adjusting section 179 valuations

We used the asset and liability figures from the latest s179 valuation submitted on or before 31 March 2020, to calculate the scheme-based levy and the underfunding risk factor of the risk-based levy.

Your assets and liabilities were then rolled forward and adjusted to reflect market conditions up to 31 March 2020, and then 'smoothed' to reduce volatility. This was done by using average values over a five year period. This gave us figures for the assets and liabilities that were smoothed but not stressed (referred to on levy invoices as 'smoothed assets/liabilities').

The Unstressed Liability figure has been used in calculating the scheme-based levy, and the cap on the highest risk-based levy you can pay.

Levy calculation continued

How we use this information continued

The next stage in transforming the asset and liability information provided was to take account of investment risk. We did this by applying generic stresses to the liabilities and specified stresses to the assets according to the degree of risk associated with each type of asset held by the scheme. However if a scheme carried out and reported the results of its own investment risk analysis, we applied that single overall stress to the total assets.

Liability stressing reflects factors such as the rate of gilt yields (and their impact on discount rates) and the age composition of your scheme.

Stressed and unstressed values are used at various points and you will see the following initials on your invoice:

UA	Assets that have been smoothed but not stressed
A	Assets that have been smoothed and stressed
BS	Stressed asset value from Bespoke Stress Calculation
BU	Unstressed asset value from the Bespoke Stress Calculation
UL	Smoothed but not stressed liabilities or ‘Unstressed Liabilities’
L	Stressed and smoothed liabilities

A detailed explanation of the methodology used for smoothing and stressing can be found in the **Transformation Appendix of the 2020/21 Levy Rules**.

Understanding your invoice and the calculation of your PPF levy

The scheme-based levy

The scheme-based levy (SBL) is based on a scheme's liabilities to members on a section 179 basis.

It is calculated using the formula:

SBL = Unstressed liabilities (UL) x Scheme-based levy multiplier (SLM)

SLM is the multiplier that has been applied to every scheme. The multiplier is 0.000021

UL is the scheme's liabilities on a section 179 basis rolled forward to 31 March 2020 and smoothed but unstressed

All schemes pay the scheme-based levy, irrespective of their funding position.

The risk-based levy

The risk-based levy (RBL) is based on the likelihood of a scheme making a claim on the PPF and the potential size of that claim.

It is calculated using the formula:

RBL = Underfunding (U) x Insolvency Risk (IR) x Levy Scaling Factor (LSF)

Levy calculation continued

Understanding your invoice and the calculation of your PPF levy continued

Underfunding represents the potential size of a scheme's claim on the PPF.

U is the underfunding amount of the scheme determined using the scheme's rolled-forward assets and liabilities, taking account of any valid Type B or C contingent asset arrangements, deficit reduction contributions and certified asset backed contribution value and coupon payments. In the great majority of cases, U has been calculated using stressed assets and liabilities.

In a small number of cases, for technical reasons using stressed assets and liabilities would serve to improve the funding position of the scheme. Where this is the case, the unstressed deficit has been used instead and this is highlighted on your invoice. Part D of the Levy Rules provides further information on this part of the calculation.

U = L – A – D

D = Deficit-Reduction Contributions (see page 27)

U has been further reduced by the value of any recognised Type B (V_B), Type C (V_C) Contingent Assets and the value of any qualifying ABC arrangements and payments (ABC).

So the full Underfunding calculation can be

U = L – A – D – V_B – V_C – ABC

If the calculation resulted in a negative amount, zero has been used.

Insolvency Risk (IR) is the probability of insolvency of the sponsoring employer(s) taking into account scheme structure.

For schemes with a single employer, monthly scores have been averaged to calculate the Mean Score, which is then matched to a Levy Band with the corresponding Levy Rate used as IR. The summary provided here is expanded upon in the remainder of this section of the guide.

For schemes with multiple employers, a similar process has been followed. A scheme structure factor was applied to each employer Levy Rate, depending on the type of scheme and a weighted average calculated, with the end result producing IR.

IR may have been modified where there is a Type A contingent asset (see page 27).

The levy scaling factor (LSF) is a factor that has been applied to all schemes which aims to ensure that overall we collect a levy at a level consistent with our 2020/21 levy estimate.

In the levy formula, this is represented as LSF and is 0.48 in 2020/21.

Capping

The risk-based levy is capped to protect the most vulnerable schemes. Where the risk-based levy calculated using the above formula exceeded 0.5 per cent of unstressed liabilities, the cap has been applied and the risk-based levy is calculated using the following formula:

RBL cap = UL x K

When carrying out this calculation we used 0.0050 for K

Levy calculation continued

Insolvency risk

Measurement of Insolvency Risk

Experian has provided us with scores for most employers and guarantors for the purpose of the PPF Levy, using the PPF-specific model. This is a statistical model, developed using observed insolvencies amongst employers and guarantors of defined benefit pension schemes. For the levy year 2021/22 we are moving to our new insolvency provider Dun & Bradstreet.

Schemes and employers can register and access information using the **Pension Protection Score Portal**. In addition to score information the portal has guidance material and FAQs. Once registered with the portal you can also use the 'What if' tool to see the impact new data will have on an employer's (or guarantor's) Pension Protection Score.

For the current invoice you can still review any Experian data using the **Pension Protection Score Portal**.

Categorisation of Employers and Guarantors

Experian match PPF employers and guarantors (referred to simply as employers from here onward) to one of eight scorecards based upon key factors such as whether they are part of a group and the type of accounts they file (full or small).

Included within subsidiary (group) scorecards is a parental strength measure and so ultimate parent companies are scored for the purpose of calculating this element of the subsidiary score if they are not already separately scored in their own right. Where ultimate parents are assessed on the basis of public credit ratings or the S&P Credit Model, their score under those methods is used to calculate the parental strength variables for any of their subsidiaries.

The eight PPF-specific model scorecards that Experian calculate scores for are as follows:

Scorecard number	Score source	Scorecard title	Types of entities scored
1	PM	Non-subsidiaries £30m+ and large subsidiaries	Includes ultimate parents of groups and independent employers with £30m or higher turnover and the largest subsidiary companies (£50m turnover and £500m assets).
2	PM	Non-subsidiaries <£30m	Includes ultimate parents of groups and independent entities with under £30m turnover
3	PM	Group £50m +	Subsidiaries with appropriate turnover
4	PM	Group £10m to £50m	
5	PM	Group <£10m	
6	PM	Group Small (accounts)	Subsidiaries filing SME accounts
7	PM	Independent Small (accounts)	Independent employers filing SME accounts
8	PM	Not-For-Profit	An employer which has Filed Accounts and which is not a Special Category Employer, Industry Specific or CRA rated

Levy calculation continued

Insolvency risk continued

Data used to allocate employers to scorecards and to calculate scores

Scorecard Variables

Each PPF-specific scorecard (Nos 1 to 8) consists of a handful of variables. In most cases the most recently filed accounts information is used to calculate a factor for each element of the scorecard. These are combined to calculate Monthly Scores on the last day of the month.

Accounts

The primary data used for both allocating employers to PPF-specific scorecards and calculating the coefficient (the measure of predictability) for each of the variables is contained in the latest filed accounts with Companies House, the Charity Commission or other permitted sources. Accounts can also be voluntarily submitted to Experian. If a new employer has been formed which has not yet been required to file accounts, interim accounts (covering at least one month) can also be voluntarily submitted. The accounts information is used no later than the month following the date of filing or receipt by Experian.

Accounting Standards Change Certificate

For 2020/21, Experian has adjusted scores for schemes that provided an accounting change certificate to them by 31 March 2020, where a change of accounting standard (for example to FRS 101 or FRS 102) impacted the calculation of a trend variable (which compares accounts data in the most recently filed accounts to that filed three years previously).

Non-sterling accounts

If accounts are filed or provided and are not in sterling, Experian converts the accounts data to sterling, using the balance sheet date of most recent accounts to convert both those accounts and the accounts used for trend variable calculations.

Accounts not published in English

Experian can accept accounts not published in English provided that the translation is accompanied by an auditor's certificate confirming that it is an accurate translation of the accounts.

Employee Numbers

Our scorecards 3 & 4 include variables that use employee numbers. Businesses which report a Full Time Equivalent (FTE) number in their accounts could request in writing that Experian use that number for the calculation of employee-related variables for monthly scores used in 2020/21 provided they did this by 31 March 2020.

Where no employee numbers were shown in the accounts, for example due to the size of the business or as a result of filing accounts in a jurisdiction where there is no requirement to provide employee numbers, Experian accepted a written statement confirming the employee number from the employer's auditor provided it was sent to them by 31 March 2020.

Mortgage age

Three of the scorecards used to calculate scores for 2020/21 include a measure based upon the age of the most recent mortgage or charge (registered at UK Companies House or public registries in Australia, Gibraltar, Hong Kong, India, Ireland, Isle of Man, Malaysia, New Zealand and Singapore). Guidance on Exclusion of Mortgages explained the circumstances in which certain mortgages could be excluded from this calculation. Where company officers wished to certify charges for exclusion from the calculation, this had to be done by midnight on 31 March 2020.

Entities registered in countries not specified as having public searchable registries or not required to register charges with Companies House received an 'unknown' score for mortgage age. With respect to mortgage age this is calculated as a neutral factor by assuming an impact in the middle of the possible range. Entities who would receive an unknown score but have no power to grant security over their assets were able to receive a zero mortgage age score if they provided Experian with the necessary evidence by midnight on 31 March 2020.

Levy calculation continued

Insolvency risk continued

Other scoring methods

We use alternative methods of scoring where certain criteria are met. There are three additional methods of scoring as follows:

Score source	Scorecard title	Types of entities scored
CR	CRA (Credit Rating Agency) Rated	Employer that is CRA rated
CM	Industry Specific	Employer that is not CRA rated, is on the BOE Bank, Building Society or Insurer's list, falls within a specified sub-category (e.g: Regional Banks) and can be scored by the S&P Credit Model
SC	Special Category Employers	A small number of employers that meet required criteria and have been accepted as appropriate to be scored in this way

Priority of scoring method

Scheme employers and guarantors may be capable of being scored by more than one method. Where this is the case we have scored on the basis of the following priorities:

a. Where an entity has an appropriate credit rating, we have used that

b. Where an entity is a regulated financial services business, and is unrated, we have used scores from the S&P credit model

c. Where neither (a) nor (b) apply, we have used the PPF-specific model, provided for us by Experian

A small number of employers, closely linked to Government, which cannot be scored appropriately by a conventional model are assessed as Special Category Employers.

More information about these alternative scoring methods of scoring can be found on our website, by following the links within the electronic version of this guide.

Your invoice includes a score source (shown alongside the scorecard number above) which shows which scoring method has been used:

PM (PPF-specific scoring model)

CR (CRA rating)

CM (S&P Credit Model)

SC (Special Category Employers).

Levy calculation continued

Insolvency risk continued

Mean Scores

The starting point in establishing the insolvency risk element of the risk-based levy is the averaging of each employer's monthly score (for 2020/21 the average is calculated over the 12 months from the end of April 2019 to the end of March 2020). This average is called the Mean Score. Where there are gaps in this information, it has been calculated on the basis of the months for which scores have been calculated and if only a single monthly figure has been calculated, that Monthly Score is used.

The averaged (or only) Monthly Score is then matched to the minimum and maximum mean score range of one of ten Levy Bands and the corresponding Levy Rate is used.

Levy Band	Minimum Mean Score	Maximum Mean Score	Levy Rate
1	0.000%	<0.030%	0.0028
2	0.030%	<0.049%	0.0031
3	0.049%	<0.086%	0.0035
4	0.086%	<0.143%	0.0040
5	0.143%	<0.243%	0.0053
6	0.243%	<0.488%	0.0081
7	0.488%	<1.049%	0.0126
8	1.049%	<1.595%	0.0176
9	1.595%	<2.986%	0.0239
10	2.986%	100.00%	0.0383

When calculating a Mean Score the Monthly Score is rounded to six decimal places (or four decimal places when expressed as a percentage).

Mean Scores for employers based outside the UK

The same broad basis of calculation has been used for non-UK employers as those in the UK. Accounts information has been collected by Experian (for employers scored on Scorecards 1 to 8) where they were able to and if they were not, employers could voluntarily submit accounts to Experian. The Mean Score has been matched to a Levy Band and Levy Rate in the same way as would apply to a UK employer.

What if Mean Scores cannot be calculated for all of a scheme's employers?

Where Mean Scores cannot be calculated for all of a scheme's employers, an average Levy Rate calculation has been used in the risk-based levy for those employers it has not been possible to score. This could have been a scheme average, industry average or a blended average.

Scheme average

For a multi-employer scheme where Experian were able to calculate Mean Scores for employers that collectively cover at least 50 per cent of a scheme's members, the Levy Rate used in the risk-based levy for any employers of the scheme with no Mean Score has been the mean average of the Levy Rates of the scheme's employers that had a Mean Score.

Industry average

Where a scheme average could not be used, an industry average Levy Rate was used. This was calculated as the median Levy Rate of all UK sponsoring employers of defined benefit schemes sharing the same 1992 Standard Industry Classification (SIC) code as the employer in question.

Blended average

Where an appropriate SIC code could not be determined or no Scores were available for the appropriate SIC code, the median Levy Rate for all UK sponsoring employers of defined benefit schemes was used.

Levy calculation continued

Insolvency risk continued

Guarantor Levy Band Adjustment

The Levy Band of guarantors (unless they are ultimate parent companies that file consolidated accounts, are scored on the basis of a public credit rating, or are a special category employer) of Type A contingent assets have been adjusted according to the increase in gearing that would result if the guarantee were called upon. The Risk Reduction section of this guide provides more information about the calculation.

Single employer schemes

For schemes with a single employer the Insolvency Risk (IR) is simply the Levy Rate (LR) of the employer.

How does scheme structure affect the risk-based levy?

Scheme with an option to segregate

This is a multi-employer scheme with rules including an option or requirement to segregate assets if an employer ceases to participate. This type of scheme is referred to in the Levy Rules as a 'Partial Segregation Scheme'. The scheme structure factor shown on the invoice is 1.0 (meaning no adjustment is made to the individual employer Levy Rates in the weighted average calculation).

Last Man Standing Scheme

This is a multi-employer scheme with rules that do not include an option or requirement to segregate assets if an employer ceases to participate, but which is not a centralised scheme for non-associated employers. This type of scheme is referred to in the Levy Rules as a 'Last Man Standing Scheme'.

In order for schemes to benefit from the Last Man Standing scheme structure factor, trustees were required to confirm on Exchange that they have received external legal advice that their scheme is Last Man Standing.

Each employer Levy Rate has been multiplied by 0.9 + (0.1 x Hf) and a weighted average calculated to give IR. Hf is a concentration factor which reflects the extent to which a scheme's membership is dispersed.

The following simple examples demonstrate how the Hf element and the scheme structure factor are calculated. Both examples assume a scheme with 100 members and two employers.

Mono Scheme

Employer A Ltd	90 members	
Employer B Ltd	10 members	
Hf Calculation		
Employer A Ltd	90/100 = 0.9	
	0.9^2	0.81
Employer B Ltd	10/100 = 0.1	
	0.1^2	0.01
Hf = 0.81 + 0.01 = 0.82		
Mono Scheme, scheme structure factor = 0.90 + (0.1 x 0.82) = 0.982 The scheme structure factor of 0.982 is applied to each Levy Rate before performing the weighted average calculation.		

Duo Scheme

Employer C Ltd	50 members	
Employer D Ltd	50 members	
Hf Calculation		
Employer C Ltd	50/100 = 0.5	
	0.5^2	0.25

Levy calculation continued

Insolvency risk continued

Employer D Ltd	50/100 = 0.5	
	0.5^2	0.25
Hf = 0.25 + 0.25 = 0.50		

Duo Scheme, scheme structure factor = 0.90 + (0.1 x 0.50) = 0.950

The scheme structure factor of 0.950 is applied to each Levy Rate before performing the weighted average calculation. Note that the greater dispersion of members in the Duo Scheme compared to the Mono Scheme produces a lower value of Hf and hence a lower scheme structure factor.

Centralised Scheme (with non-associated employers)

This is a multi-employer scheme encompassing non-associated employers, and whose rules do not include a requirement or discretion for assets to be segregated if an employer ceases to participate. It is referred to in the Levy Rules as a 'Centralised Scheme'. Each employer Levy Rate has been multiplied by the Hf concentration index alone and a weighted average calculated to give IR.

The calculation of insolvency risk for multi-employer schemes is explained in more detail in Rule E6 of the 2020/21 Determination.

Risk reduction

Contingent assets

Type A Parent or group company guarantees

Type B Security over cash, UK real estate and securities

Type C Letters of credit and bank guarantees

Underfunding risk or insolvency risk may be adjusted for schemes that made deficit-reduction contributions or put in place contingent assets in accordance with the requirements of the 2020/21 Determination.

Deficit-Reduction Contributions (DRCs)

For 2020/21, additional contributions paid into the scheme since the last submitted s179 valuation submitted by 31 March 2020 improving the scheme's funding and reducing underfunding risk, have been recognised in the levy calculation if they were certified correctly by 5pm on 30 April 2020.

Contingent Assets

For 2020/21, the types of contingent assets, referenced in the box above, have been recognised in the levy calculation, provided they satisfied the requirements of the Determination and were certified correctly by midnight on 31 March 2020 (with any hard copy documents received by the PPF by 5pm on 1 April 2020).

A Type A contingent asset allows the Levy Rate of a group company or another entity related to the scheme's sponsoring employer to be taken into account in the levy calculation in place of that of the employer. However a guarantor's score must have been calculated in its own right (not on the basis of an averaged score where data was not available to Experian) to be taken into account.

Trustees were required to certify a fixed cash sum (Realisable Recovery) that each guarantor could meet in full in an insolvency situation. Where the levy benefit from acceptance of the contingent asset would be £100,000 or more, a report was required to be submitted to the PPF.

Levy calculation continued

Risk reduction continued

If the guarantee was accepted by the PPF, the guarantor's Levy Band may have been adjusted (unless the guarantor is an ultimate parent company which already recognises the scheme underfunding on its balance sheet or is scored based upon a public credit rating, or it is scored as a special category employer) according to the increase in gearing that would result if the guarantee was called upon. The change in Levy Bands is calculated as in the table below.

Increase in gearing	Increase in Levy Bands
0.1 to <0.5	1
0.5 to <1	2
1 or more	3

The Levy Rate of a guarantor only replaces that of an employer when it is better (and so would reduce the levy). Each employer is compared with the guarantor and the lower of the two Levy Rates is used in calculating a revised Insolvency Risk, IR_G. No scheme structure factor is applied to the guarantor Levy Rate when calculating IR_G.

Where the contingent asset is only large enough to cover part of the underfunding risk of the scheme, then the benefit of the better Insolvency Risk (IR_G) is limited to the share of the underfunding risk covered. The underfunding covered by a contingent asset is shown on your bill in £ as H while the underfunding that is not protected by the contingent asset will be U-H.

Where more than one guarantee is available to the scheme, IR_G and H figures are calculated for each, and these are used in turn, with the one that offers the greatest benefit to the scheme in reduced levy exhausted first.

How the levy credit for a guarantee appears on your invoice

For schemes with a Type A contingent asset the risk-based levy formula (with any guarantor adjustment having already been made) is shown as:

$$(\sum_1^t (H^n \times IR_G^n) + (U - \sum_1^t H^n) \times IR) \times LSF$$

The first 'component', $\sum_1^t (H^n \times IR_G^n)$, takes account of any part of the underfunding risk covered by one or more contingent assets (the $\sum$ means where there is more than one contingent asset we add together calculations for each contingent asset).

Then the second component, $(U - \sum_1^t H^n) \times IR$, takes account of any part of the underfunding risk not protected by the contingent asset(s).

There is an additional basis to calculate levy credit for schemes where the guarantor is also a scheme employer and/or where there are multiple guarantors covered by a single guarantee. A description is given below but more detailed information on the changes can be found in the Type A contingent asset guidance.

Guarantor-employers

Our intention is that guarantor-employers are credited with their pro-rata share of the scheme underfunding in their capacity as an employer, based on membership numbers. This component appears on the invoice as:

$U \times (GAM/M)$, where:

- GAM represents the number of members allocated to the guarantor-employer; and
- M represents the total number of members in the scheme

The component above is assessed using the guarantor-employer's insolvency risk as an employer, i.e. incorporating the scheme structure factor where applicable and without any gearing adjustment. This appears on the invoice as IR_G^E. This component will not apply where H is zero for the guarantor-employer.

The formula then proceeds as above, i.e. with H (the remaining part of the underfunding that is covered by the contingent asset) assessed using IR_G.

Any residual element of underfunding that is left over after considering all guarantors is assessed using IR, the weighted average insolvency risk for the scheme.

The risk-based levy formula shown above is therefore modified to incorporate the new component in respect of each guarantor-employer, appearing on the invoice as:

$$\sum_1^t [(U \times (GAMn/M) \times IR_G^{nE}) + (H^n \times IR_G^n)] \times LSF + \{U - \sum_1^t [U \times (GAMn/M) + H^n]\} \times IR \times LSF$$

Guidance on the treatment of contingent assets, and how to certify them can be found on the 'Contingent Assets' page of our website.

Levy calculation continued

Risk reduction continued

Where there was more than one guarantor-employer, they have been applied in the formula in a sequence broadly calculated to maximise the benefit to the scheme in reduced levy.

Multi-guarantor arrangements

Schemes with a multi-guarantor arrangement must now certify individual amounts based on the relative strength of each guarantor, rather than certifying a single amount in respect of the entire guarantee. Such arrangements will be treated as individual contingent assets in the levy formula, with each corresponding amount H applied separately. However, if schemes have certified amounts that total to more than the liability cap in the contingent asset agreement, levy credit will be restricted to a level reflecting that liability cap.

Type B and C contingent assets reduce the level of underfunding in the risk-based calculation.

We have only recognised contingent assets which were put in place using our standard forms of documentation, certified correctly and which have had the effect of reducing risk.

More information on each type of contingent asset can be found on the Contingent Assets page of our website.

Asset Backed Funding Structures (ABCs)

Adjustments have been made to the 2020/21 levy calculations for schemes that have asset backed funding structures (ABCs).

Reduction of scheme assets reported in s179 valuation

Schemes identified as having an ABC arrangement have had their s179 assets figure reduced by the corresponding value of the ABC before the assets were rolled forward and transformed as described at the start of this section.

Reduction of scheme underfunding for qualifying ABC arrangements

Where an ABC certificate was submitted by 31 March 2020 and has been accepted by the PPF, scheme underfunding has been reduced by the value of the ABC arrangement and any ABC payments certified.

4. Querying your invoice

If you are considering whether to appeal your invoice, please be aware that the outcome of appeals can cause bills to increase as well as decrease, or can have no effect on the amount of the bill at all.

If there is something you wish to know about the calculation of your invoice, you should first refer to the explanations in this booklet or the Levy Rules for more detail, or go to our website, where we have set out the answers to frequently asked questions.

If you then believe your invoice amount is incorrect, you can:

- Contact Experian to check that they have correctly matched your employer(s) (including your ultimate parent company if you are in a group) to records in their system and to check your Mean Score (average of adjusted Monthly Scores), Levy Band and Levy Rate for 2020/21.
- Contact us to query your scheme-based levy or the underfunding risk factor of your risk-based levy, or with any other query.

All queries or appeals must be made within 28 days of the date on the invoice. Your 28 day deadline is also stated on the invoice. You then have a maximum of 28 days to escalate your appeal to each subsequent stage.

Querying your invoice continued

If your scheme's circumstances change, you can update Exchange with any new information on an ongoing basis. This will save you time when it comes to submitting your next scheme return. However the information stored in Exchange at midnight on 31 March 2020 has been used in the 2020/21 levy calculation.

If you have submitted incorrect data to the PPF or The Pensions Regulator

We collect information at specified deadlines for use in the levy calculation, and it is in the best interests of scheme members that we are able to collect the levy as quickly and easily as possible. Information submitted after those deadlines will not generally be taken into account unless we have accepted a correction request. We believe schemes are familiar with using The Pensions Regulator's Exchange system so would expect correction requests to be the exception, and we must be satisfied that there is a good reason in all the circumstances of the case for us to correct the information. Generally, requests made earlier in our process (e.g. before invoicing) will be more likely to be corrected.

An example of a type of case where we may allow a correction is where a scheme has been prevented from submitting data due to a problem using either the Regulator TPR's or the PPF's systems.

If you identify an insolvency risk discrepancy that relates to a Mean Score, Levy Band or Levy Rate please contact Experian on **08444 810810**. If you have a query about any other data used in your invoice please contact our levy customer support team on **0345 600 2541** or email **levyinvoice@ppf.co.uk** within 28 days of the date of your invoice.

Reviews and Appeals

Scope of Reviews and Appeals

Scheme trustees, employers, guarantors and duly authorised representatives are entitled to challenge either the PPF or Experian's actions or decisions in certain circumstances.

The broad scope of the Experian Appeals and PPF Reviews processes are set out below.

Please note that we cannot change the Levy Rules including the levy formula, or any of the policies or rules contained in it. They were subject to consultation before being finalised. If you apply for a review on the grounds that the Levy Rules themselves are unfair or unreasonable, it will not be successful.

	Within Scope	Excluded issues	Option to take further?
Experian Appeals	Appealable Score (Mean Score, Levy Band & Levy Rate)	Monthly Scores Assignment and calculation of scores of an employer on Scorecards 9, 10 or 11 (Credit ratings, credit model or special category employers) Assignment of an employer to an industry group (to allow an industry average to be calculated) by the PPF Board	Can be further appealed through the Levy Review process once the levy invoice has been issued

Querying your invoice continued

Reviews and Appeals continued

	Within Scope	Excluded issues	Option to take further?
Levy Reviews	The calculation of a levy invoice Whether interest charged and invoiced for late or non-payment of the levy should be waived An appealable Score that has previously been appealed to Experian	Challenges to the underlying Policy rather than the Levy Rules Generally an appealable Score that has not previously been appealed to Experian	Can be further appealed to Reconsideration Committee and PPF Ombudsman

Appealing your Experian Mean Score, Levy Band or Levy Rate

Mean Scores have been available through the Pension Protection Score Portal since July 2020. If you want to know more about your score, including the scorecard categorisation, the impact of mortgage exclusion certificates and other data, you should contact Experian directly on **08444 810810**.

Who can appeal to Experian?

1. a Scheme trustee in relation to any Appealable Score relating to the Scheme of which they are a trustee;
2. an Employer in relation to its own Appealable Score;
3. a Guarantor in relation to its own Appealable Score; or
4. a person duly authorised to represent one of the above.

Formal requirements

1. Appeals must be in writing.
2. Appeals should be sent by email to **experianppf@mailgb.custhelp.com** and the title of the email must include the words 'PPF Appeal'.
3. If Experian gives written consent, appeals may be sent by registered post to PPF Appeals, Experian PH, Friars House, 160 Blackfriars Road, London, SE1 8EZ.

When can an Experian Appeal be made?

Appeals to Experian can be made once Appealable Scores (Mean Score, Levy Band or Levy Rate (including where it is based on an averaged calculation)) are available. Mean Scores for 2020/21 have been available from July 2020.

The Pension Protection Score Portal contains additional information on the appeals process.

Once an invoice has been issued the following timescales apply

Appeals must be received by Experian:

1. if sent by email, no later than 28 days after the date shown on the invoice
2. if sent by registered first class post, no later than 26 days after the date shown on the invoice

What if the deadline for appealing has passed?

If you feel that the circumstances make it reasonable that the appeal is being sent after the deadline for appealing, you should contact us (following the formal review process below) and be prepared to provide evidence to support your request for it to be considered after the deadline. If we accept your request we will advise Experian who will then consider your appeal.

Scope of Experian Appeals

You can only appeal against Experian's use of information that was publicly available (at one of Companies House, Charity Commissions or other permitted sources as defined in the Levy Rules) or voluntarily provided to Experian (including certificates) by the relevant deadline. Any information that was not publicly available from those sources at that time or presented to Experian by the appropriate deadline will not be taken into account in your appeal.

It is not possible to appeal against Monthly Scores as they are established at the end of each month, although you can discuss factors that may be having an impact on them with Experian at any time. A formal right of appeal is available in relation to your Mean Score, once calculated, and can

Querying your invoice continued

Reviews and Appeals continued

involve challenging one or more of the Monthly Scores that are averaged to establish the Levy Rate.

You should make it clear to Experian that you wish to appeal the Mean Score, Levy Band and/or Levy Rate. If you are unhappy with the outcome of your Experian Appeal you can request a formal review as set out below.

The impact of a qualifying public credit rating, or the calculation of a score using the S&P Credit Model, can only be appealed in certain circumstances. It is possible to appeal the use of such scores where either the type of rating or score has been used incorrectly or inappropriately assigned to a particular entity. A more detailed list of examples of cases that can or can't be appealed is set out in FAQs on our website.

Raising queries and requesting reviews

If you think we have made a mistake when calculating your scheme-based levy or the underfunding element of your risk-based levy, you should contact our Levy Customer Support Team within 28 days of the date on the invoice on **0345 600 2541** or **levyinvoice@ppf.co.uk**

When raising a query, please ensure that you quote your scheme name and invoice number so that we can identify your scheme correctly. You can only appeal against the PPF's use of information that was submitted to the PPF, Experian or The Pensions Regulator on or before 31 March 2020 (or other relevant deadlines that apply for 2020/21). Any information that was not submitted at that time will not generally be taken into account when investigating your query.

Most issues with invoices can be resolved by raising a query, but you also have the option of a formal review.

If you query your invoice with us after the 28 day deadline, we will still respond to your query, although you may be too late to apply for a formal review.

Formal reviews

The amount of a levy invoice is a 'reviewable matter' under section 207 of the Pensions Act 2004. The formal review process considers whether the PPF has followed the rules of the Determination when calculating your levy. It also considers whether interest charged and invoiced for late payment of the levy should be waived.

The formal review process also covers your Experian Appealable Score.

You can generally only appeal your Appealable Score through the reviews process if you have first appealed it with Experian.

How to request a formal review

To request a review, you will need to complete a Levy Review Application Form – available from **our website**.

Formal review applications must:

- be raised by a trustee, or authorised representative; if an employer or guarantor has previously raised an Experian Appeal they will need to show that the trustees have authorised them to request a review
- include your scheme name and invoice number
- be raised within 28 days of the date on your invoice or the conclusion of a query or Experian appeal (unless you can show that it was reasonable for the application to be made late and that the application was made within a reasonable period) and
- not be about the underlying formula or methodology used to calculate the levy or the policy underlying the Determination.

A hard copy of the review application must be sent to us. You can send us an electronic copy of the Levy Review Application Form, to **reviews@ppf.co.uk** but the review will be treated as informal until a hard copy is received.

Reconsideration Committee

If you are not satisfied with the result of your formal review, it is possible to appeal to our Reconsideration Committee (using the form available on our website) and, if you are not satisfied with the reconsideration decision, ultimately to the Pension Protection Fund Ombudsman. Each body will consider only whether the rules set out in the Determination have been correctly applied, and has no power to modify or depart from those rules.

Querying your invoice continued

Levy collection during your Experian appeal or PPF review

How we collect your levy during and after appeals or reviews

Experian appeals and PPF reviews

Payment of the levies is a statutory obligation of the trustees (s.181 of the Pension Act 2004).

An interest on late payment charge of 5 per cent per annum above the Bank of England base rate will start accruing after 28 days if your levy invoice remains unpaid. If an extension to payment terms has been agreed the interest charges may be waived or reduced.

Interest will accrue on the scheme's levies if they remain unpaid during an Experian appeal or PPF review if an invoice has been issued (it is possible to lodge an Experian appeal before an invoice is issued).

To avoid the risk of paying levy interest in the event that your Experian appeal or PPF review is unsuccessful, you can pay the full amount of the invoice. This will not prejudice your Experian appeal or PPF review.

Once a successful Experian appeal or PPF review is concluded, any overpayment will be refunded as soon as possible.

We will consider waiving the accrued interest following the appeal/review, but this will depend on the circumstances of the case.

After your appeal or review

If your appeal or review is unsuccessful and your original levy amount remains payable, we will request payment and re-commence credit control activity.

If your levy amount decreases, and you have already paid the full amount of your invoice, you will receive a credit note for your previous invoice amount followed by a subsequent revised invoice. Please contact us by emailing **creditcontrol@ppf.co.uk** to arrange reimbursement for the difference.

If your levy amount increases you will also receive a credit note for your previous invoice amount followed by a subsequent revised invoice. You will only need to pay the outstanding balance, which should be paid immediately according to the payment terms on the first page of your invoice. The same deadlines for raising queries, appeals or reviews will apply to the new invoice.

Payment of the levies is a statutory obligation of the trustees.

Making a complaint about the PPF

If you are unhappy with the service you have received from us, you can refer to the booklet 'Complaints about the Pension Protection Fund', which is available on our website.

Criticism of our policies, such as the Determination or the levy scaling factor, will not generally be regarded as a complaint; however we will consider the issues you raise as a contribution to future development of the Levy Rules.

5. Keep in touch with PPF developments and have your say

We regularly hold consultation exercises to get stakeholder feedback on proposed changes to the PPF Levy and wider issues affecting the PPF.

Our consultations are open for all to comment and our consultation documents are available on our website.

We encourage stakeholders to respond to our consultations as this provides an opportunity to influence the development of the Levy Rules.

6. Contact details

Pension Protection Fund

Renaissance
12 Dingwall Road
Croydon
Surrey
CR0 2NA

Website: **ppf.co.uk**

PPF Levy Customer Support Team: 0345 600 2541
Please note that calls to the levy customer support team may be recorded to help us provide the best service for our stakeholders.

levyinvoice@ppf.co.uk
for levy invoice queries (with the exception of those queries handled by Experian, see pages 34-35)

creditcontrol@ppf.co.uk
for submitting your remittance advice for levy payments and for any queries regarding payment issues

eligibilityandwaivers@ppf.co.uk
for ineligibility and waiver applications

reviews@ppf.co.uk
for formal reviews

consultation@ppf.co.uk
to respond to levy consultation documents

Experian

experianppf@mailgb.custhelp.com
for Pension Protection Score queries

Website: **ppfscore.co.uk**

Pension Protection Score related queries: 08444 810810

The Pensions Regulator

Napier House
Trafalgar Place
Brighton
BN1 4DW

Customer Support: 0345 600 5666

Disclaimer

7. Glossary

Abbreviations and terms used in this guide or on your levy invoice

General

SBL Scheme-based Levy

RBL Risk-based Levy

SLM Scheme-based levy multiplier, a factor applied to all schemes

LSF Risk-based levy scaling factor, a factor used in calculating RBL

K Risk-based levy cap, the maximum proportion of liabilities that the RBL cannot exceed

UA Assets that have been smoothed but not stressed

A Assets that have been smoothed and stressed

BS Stressed asset value from the Bespoke Stress Calculation

BU Unstressed asset value from the Bespoke Stress Calculation

UL Smoothed but not stressed liabilities or 'Unstressed Liabilities'

L Stressed and smoothed liabilities

U Underfunding

Hf Herfindahl factor – a concentration factor for multi-employer 'Last Man Standing' schemes – reflecting the extent to which scheme membership is dispersed

Glossary continued

Abbreviations and terms used in this guide or on your levy invoice
continued

Insolvency terms

Score Source

PM PPF-specific model

CR CRA rating

CM S&P Credit Model

SC Special Category Employer

Other insolvency terms

SSF Scheme Structure Factor

T Total number of members in the scheme (used when averaging of Levy Rates is necessary in multi-employer schemes)

WF Sum of weighted Levy Rates over total number of members

IR Insolvency Risk. For a single employer scheme this is simply their Levy Rate. For a multiple employer scheme this will be the weighted average of Levy Rates with the scheme structure factor applied

Risk Reduction

IR_G Insolvency Risk of a scheme, after comparison of each employer with the guarantor of a Type A contingent asset, and allowing for substitution where appropriate

IR_G^E Insolvency Risk of a guarantor employer (incorporating the scheme structure factor where applicable and without any gearing adjustment)

GAM Represents the number of members allocated to a guarantor which is also a scheme employer

M Represents the total number of members in a scheme

A% Percentage of underfunding to which a Type A contingent asset applies

CA Contingent asset

H The underfunding covered by a contingent asset shown on your bill in £

D Deficit Reduction Contributions

Notes

Notes

Pension
Protection
Fund