

11. PPF compensation 2019/20

Summary

This chapter shows information on the compensation that we paid to PPF members in 2019/20.

When a scheme transfers into the PPF, we generally pay compensation of 90 per cent of the scheme pension (subject to a compensation cap²²) to members who have not reached their Normal Pension Age (NPA) at the date the scheme entered assessment. We will generally pay a starting level of compensation equivalent to 100 per cent of the scheme pension to those members who are over their NPA at the start of the assessment period.

Here are some of the key statistics featured in this chapter:

	31 March 2020	31 March 2019
PPF compensation paid in the year	£860m	£775m
Number of records in respect of members receiving compensation ²³	169,861	148,005
Average annual amount paid to members and dependants	£4,588	£4,382
Number of records in respect of deferred members ^{23*}	116,461	109,567
Average annual compensation accrued by deferred members (ignoring any impact of the compensation cap)	£3,333	£3,296

*Members with compensation not yet in payment.

Total compensation and other member statistics

Figure 11.1 | Total compensation and number of members' records

Total compensation paid in the year to 31 March 2020 was £859.7 million, 11 per cent above the amount paid in the year to 31 March 2019.

Source: PPF

Year ended 31 March	Total compensation paid (£m)	Number of members' records ²³		
		Members' receiving compensation	Deferred members	Total
2007	1.4	1,457	5,621	7,078
2008	17.3	3,596	8,577	12,173
2009	37.6	12,723	18,009	30,732
2010	81.6	20,775	26,058	46,833
2011	119.5	33,069	42,063	75,132
2012	203.3	57,506	70,608	128,114
2013	331.8	80,665	91,353	172,018
2014	445.1	95,599	100,070	195,669
2015	564.0	114,028	110,681	224,709
2016	616.0	121,059	109,143	230,202
2017	661.3	129,661	110,478	240,139
2018	724.5	135,377	107,759	243,136
2019	775.1	148,005	109,567	257,572
2020	859.7	169,861	116,461	286,322

²² In June 2020 the Administrative Court ruled in the case of *Hughes v Board of the Pension Protection Fund [2020] EWHC 1598* that this cap is unlawful.

These figures predate that ruling and have not been adjusted to dis-apply the compensation cap.

²³ Some members have more than one record in the data.

Figure 11.2 | Gender of members in the PPF

64 per cent of our members are male.

Source: PPF



Overall

● Male ● Female



Members receiving compensation

● Male ● Female



Deferred members

● Male ● Female

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Figure 11.3 | Distribution of members receiving compensation by annualised compensation level

Around 90 per cent of members receiving compensation are paid less than £10,000 a year. However, this compensation makes up around 60 per cent of the total paid out.

Source: PPF

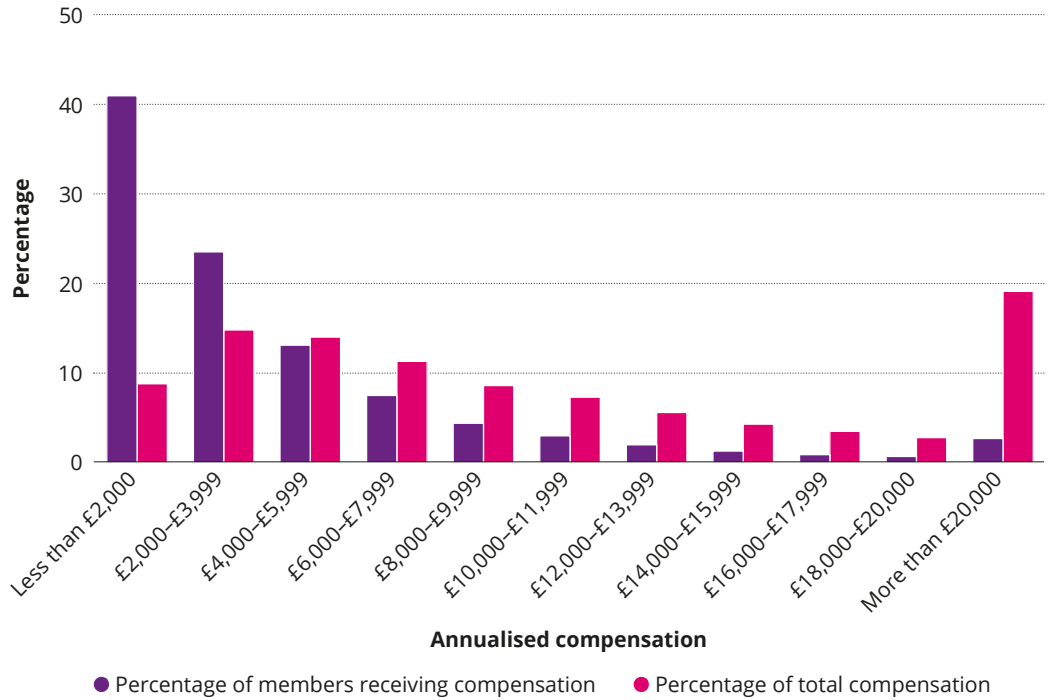


Figure 11.4 | Distribution of deferred members by annualised compensation level

Around 95 per cent of deferred members have annualised compensation of less than £10,000. This compensation makes up around 75 per cent of the total annual deferred compensation.

Source: PPF

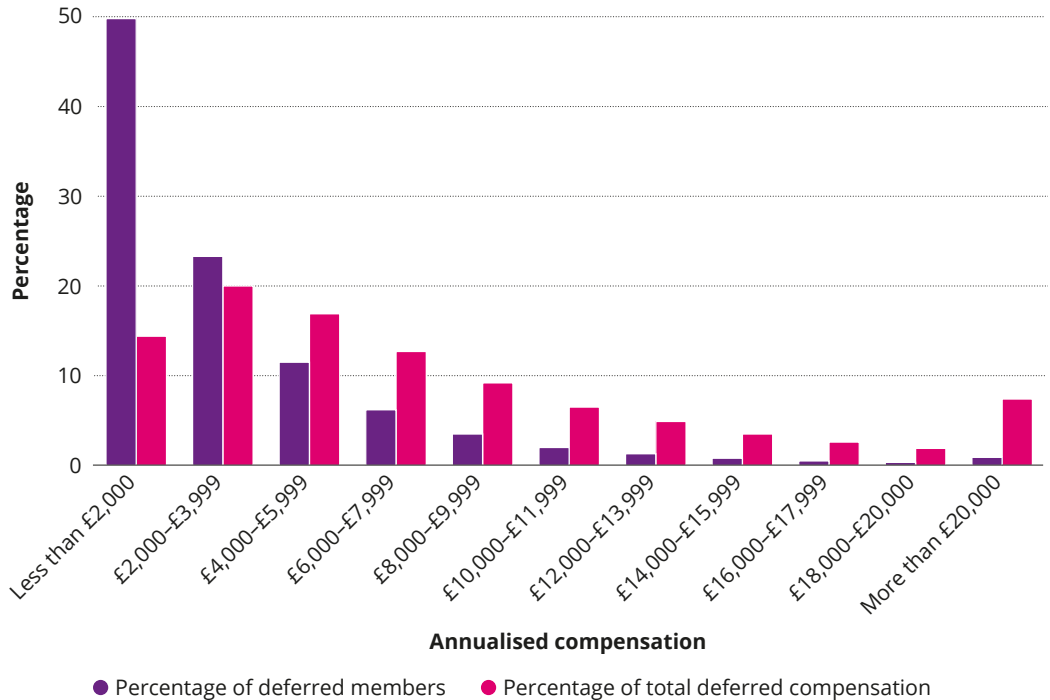


Figure 11.5 | Status of members receiving compensation

	Number of records in respect of members receiving compensation	Percentage of total population	Annualised compensation (£m)	Percentage of total annualised compensation
Members ²⁴	142,366	84%	694	89%
Dependants	27,495	16%	86	11%
Total	169,861	100%	779	100%

Source: PPF

Note: annualised compensation is less than compensation paid in the year to 31 March 2020 as the latter includes cash sums taken upon retirement, and takes account of member movements (e.g. deaths or retirements) over the year.

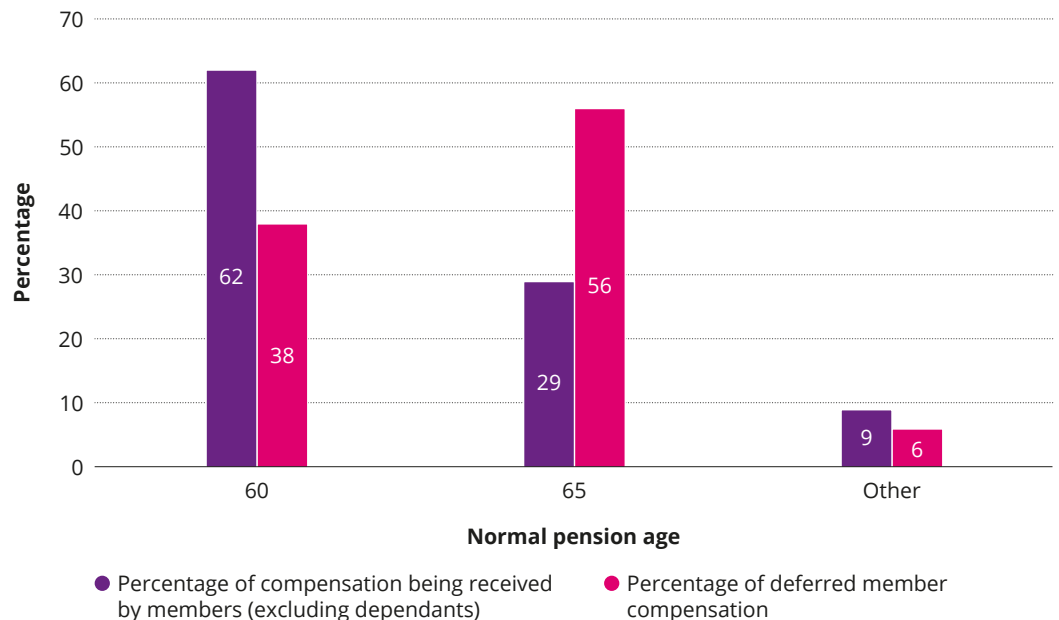
Note: the components may not sum to the totals because of rounding.

Figure 11.6 | Distribution of members receiving compensation (excluding dependants) and deferred member compensation by NPA

For members receiving compensation, the majority of compensation was payable from an NPA of 60, whereas for deferred members the majority is payable from age 65.

Source: PPF

Note: the component figures may not sum to 100 per cent because of rounding.



24 These are members who had accrued pensions in their pension schemes when they transferred to the PPF and who are now receiving compensation.

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Figure 11.7 | Annualised compensation by UK region

The largest share of compensation goes to members in the North East and West Midlands.

Source: PPF

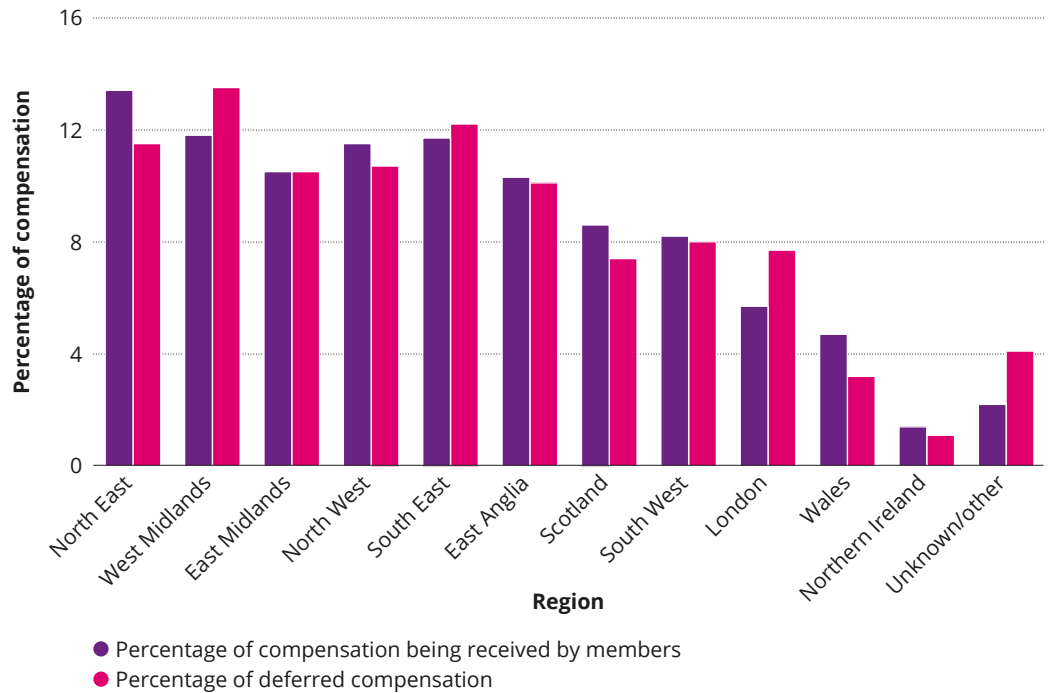


Figure 11.8 | Annualised compensation for members receiving compensation and deferred members before 6 April 1997 and after 5 April 1997

Around 70 per cent of compensation being received by members was accrued before 6 April 1997.

Source: PPF

	Members receiving compensation		Deferred members	
	Annualised compensation (£m)	Percentage	Annualised compensation (£m)	Percentage
Before 6 April 1997	542	70%	162	42%
After 5 April 1997	237	30%	226	58%
Total	779	100%	388	100%