
Pension Protection Fund

A GUIDE TO THE PENSION PROTECTION LEVY

2018/19

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 it is important they are kept together. Where words or terms are capitalised they should be interpreted as in the 2018/19 Determination (Levy Rules).

Inside, we make frequent references to pages on the Pension Protection Fund's website, www.pensionprotectionfund.org.uk.

This booklet is available on the PPF 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 goes bust 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 (on pages 17 to 23). 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.

Contents

A GUIDE TO THE PENSION PROTECTION LEVY 2018/19

	Page
Introduction Key features of the levy in 2018/19	4
Section 1 Payment of the 2018/19 levy	7
Section 2 The levy calculation	
Information used in your levy calculation	11
Understanding your invoice and the calculation of your levy	14
Insolvency risk	17
Risk reduction	26
Asset backed funding structures (ABCs)	30
Section 3 Querying your invoice	
Data corrections in 2018/19	31
Reviews and Appeals	33
Levy collection during your Experian appeal or PPF review	37
Section 4 Keep in touch with PPF developments and have your say	39
Section 5 Contact details	
Pension Protection Fund	40
Experian	40
The Pensions Regulator	40
Section 6 Glossary	
Initials and terms used in this guide or on your levy invoice	42

Introduction

KEY FEATURES OF THE LEVY IN 2018/19

The PPF Levy is an important source of funding for the PPF and helps ensure that we can provide protection to over ten million members of eligible schemes.

This section provides a summary of the key features of the levy in 2018/19.

What's changed?

2018/19 is the first year of the third levy triennium and this guide reflects the new elements that you may see on your invoice.

We have lowered the risk-based levy scaling factor (applied to all schemes with underfunding) – from 0.65 to 0.48.

The risk-based levy cap sets a maximum a scheme can be charged by way of risk-based levy to protect the most vulnerable schemes. This has been reduced from 0.75% to 0.50% of smoothed scheme liabilities.

The levy rates for bands 1 to 3 have been increased (see table in section 2 for details).

With regard to insolvency risk, the PPF-specific model has been developed with a mix of new, re-built and re-calibrated scorecards. There are also new methods of scoring – based upon public credit ratings (where available) and the S&P Credit Model (for regulated financial institutions). A small number of employers have been confirmed as special category employers.

Other areas of change include the requirements for recognition of deficit reducing contributions (DRCs) and contingent assets.

Insolvency Risk

Experian provide insolvency risk scores, Pension Protection Scores, for most sponsoring employers of eligible schemes. From 2018/19 insolvency risk scores have also been calculated using public credit ratings (using a conversion table). For regulated financial institutions (Banks, Building Societies and Insurance providers) – without a public credit rating - we have used the S&P Credit Model which generates letter rating scores that are converted in a similar way to public credit ratings.

The score used in establishing your Insolvency Risk (IR) was an **average** of six monthly scores at the end of each month between October 2017 and March 2018, where available.

This average score (expressed as an insolvency probability) has been used to place each employer into one of ten Levy Bands. Each band has an associated Levy Rate. The Levy Rate takes account of not only the likelihood of insolvency of employers but also incorporates a risk margin that factors in the impact of worse than expected scenarios.

For single employer schemes this is the Insolvency Risk used.

For multi-employer schemes, we calculated an average Insolvency Risk, taking account of all employers.

Introduction

KEY FEATURES OF THE LEVY IN 2018/19

Use of current data

We have made use of information received up to immediately before the start of the 2018/19 levy year (and later where the Rules allow) within our calculations.

Smoothing of assets and liabilities

The amount of your levy also takes account of the funding position of your scheme. We have used the most up to date information about the value of your assets and liabilities that you supplied by 31 March 2018 to calculate your underfunding risk. We have deducted the value of any ABCs that were included in the most recent s179 valuation (with credit given for the certified value of the ABC and any ABC payments).

To reduce the impact of short-term volatility in the financial markets - and so all schemes are treated on a consistent basis - we have smoothed the value of the assets and liabilities you reported using five year financial market averages up to 31 March 2018. A summary of how we adjust s179 valuation figures is included in Section 2.

Stressing of assets and liabilities

We took your scheme's **investment risk** into account when calculating your levy bill. We did this by adjusting the asset and liability values we used to calculate the underfunding risk for your scheme, taking account of investment risk. The stress factors were reviewed and updated for the third triennium.

For most schemes we calculate investment risk by using information about your scheme's assets and liabilities that you supplied to us through the **Exchange** scheme return system.

If you were required, or chose to carry out a Bespoke Stress Calculation showing the impact of investment risk on the value of your assets, this will have been used.

Scheme-based and risk-based levies

The scheme-based levy multiplier which is applied to all schemes' unstressed liabilities is 0.000021

The risk-based scaling factor is 0.48.

1: Payment of the 2018/19 levy

What does this invoice cover?

Pension protection levy

This is divided into two parts:

Scheme-based levy

Paid by ALL schemes according to their PPF liabilities.

Risk-based levy

Calculated according to the funding level of a scheme, the degree of risk within its investment strategy and the insolvency risk of its employer(s).

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 2018/19 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. The bank details are as follows:

Sort code	12-20-29
Account no	06067843
Account name	PPF Levy Collection Account
Bank name	Bank of Scotland
IBAN	GB30 BOFS 1220 2906 0678 43
SWIFT / BIC	BOFSGB21281

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

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
Surrey
CR0 2NA

Please note that we do not provide an automatic payment receipt.

Confirmation that a payment has been made from the relevant account should be sought from your bank in the first instance. Please ensure you are not duplicating a payment that has already been made.

Payment of the 2018/19 levy

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. 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 (see page 10 – 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 days of the invoice date.

If you do not think your scheme will be able to pay within 28 days please contact our Credit & Collections Team (creditcontrol@ppf.gsi.gov.uk) to discuss a repayment proposal immediately. All requests will be dealt with on a case by case basis and we will confirm the position regarding any interest charges once the levy balance is nil.

If you think your scheme is not eligible for the levy:

Some defined benefit or hybrid pension schemes are not liable to pay the PPF levies. Included in the Pension Protection Levy section of our website, the Who has to pay? and **Eligibility** pages contain 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: www.legislation.gov.uk

If you believe you are ineligible, you should complete the **Ineligibility Application Form** (see the 'Who has to pay?' part of the website) and send it to the Eligibility and Waivers

Payment of the 2018/19 levy

Team at the following email address: **eligibilityandwaivers@ppf.gsi.gov.uk**, clearly indicating that you are applying for ineligibility. If you require further information or have any additional questions about whether your scheme is ineligible, you can contact our levy customer support team (Tel: 0345 600 2541, or email as above) within 28 days of the date of your invoice and before you pay your invoice.

If you think your scheme should have its 2018/19 levy waived:

There are a limited number of circumstances where the PPF 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.

Schemes that pay their levy invoice 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: **www.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 send your completed waiver application form (found at the **Who has to pay?** page of our website) and the required supporting evidence to the waiver team at **eligibilityandwaivers@ppf.gsi.gov.uk**, clearly indicating that you are applying for a waiver. You must make your application before you pay the invoice and **within 28 days** of the date of your invoice – it is crucial that you meet this timescale because it cannot be extended.

Alternatively, 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 days of the date of your invoice and before you pay your invoice.

Payment of the 2018/19 levy

Paying your levy after 28 days can lead to interest being charged, even if you are appealing against the amount on the invoice.

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.

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 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).

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 cost 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.

2: 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 2018 to calculate the levy**. We will not generally be considering updates to the information submitted after the deadlines listed on this page.

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 29 June 2018 via Exchange, where applicable
- the Mean Score for each scheme employer and guarantor, averaged using the monthly scores from October 2017 to March 2018 and the corresponding Levy Band,
- 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 validly certified by 30 April 2018
- contingent assets pledged to the scheme that were certified or re-certified by 31 March 2018.

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.

Levy calculation

HOW WE USE THIS INFORMATION

The Determination (Levy Rules), its appendices and related guidance can be found in the document library and on the '2018/19 Levy Determination' page on our website.

The Determination (Levy Rules)

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 therefore 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 annexes and appendices for the current levy year can be found on the **2018/19 Determination page** of our website.

The information below is based on the Levy Rules for the 2018/19 levy year. We plan to publish a Consultation Document concerning the 2019/20 Levy Rules in the autumn of 2018.

Adjusting section 179 valuations

We used the asset and liability figures from the latest s179 valuation submitted on or before 31 March 2018, 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 2018, 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.

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.

Levy calculation

HOW WE USE THIS INFORMATION

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 2018/19 Levy Rules**.

Levy calculation

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:

$$\mathbf{SBL = Unstressed liabilities (UL) \times Scheme-based levy multiplier (SLM)}$$

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 2018 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:

$$\mathbf{RBL = Underfunding (U) \times Insolvency Risk (IR) \times Levy Scaling Factor (LSF)}$$

Levy calculation

UNDERSTANDING YOUR INVOICE AND THE CALCULATION OF YOUR PPF LEVY

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 (it has been calculated using unstressed assets and liabilities if this resulted in a higher underfunding amount).

$$\mathbf{U = L - A - D}$$

D = Deficit-Reduction Contributions
(see page 26)

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

$$\mathbf{U = L - A - D - V_B - V_C - ABC}$$

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

In a small number of cases, for technical reasons, using stressed assets and liabilities would serve to actually improve the funding position of the scheme. Where this is the case, then 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.

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 26).

The levy scaling factor (LSF) is a factor that has been applied to all schemes which aims to ensure that overall PPF collects a levy at a level consistent with our 2018/19 levy estimate.

In the levy formula, this is represented as **LSF** and is 0.48 in 2018/19.

Levy calculation

UNDERSTANDING YOUR INVOICE AND THE CALCULATION OF YOUR PPF LEVY

Capping

The risk-based levy is capped to protect the most vulnerable schemes. The cap for 2018/19 is 0.5 per cent (represented by the letter K in the formula) of unstressed liabilities. 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:

$$\mathbf{RBL\ cap = UL \times K}$$

When carrying out this calculation we used 0.0050 for K

Levy calculation

INSOLVENCY RISK

Measurement of Insolvency Risk

Averaging of monthly Pension Protection Scores

Experian provide the PPF 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.

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.

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). Some changes were made to the categorisation of employers from 2018/19 and these are reflected below.

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.

Levy calculation

INSOLVENCY RISK

The eight Experian scorecards 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, independent employers with over £30m 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	Overrides classification under preceding numbered scorecards

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 and in most cases the most recently filed accounts information is used to calculate a factor for each element of the scorecard which 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.

Levy calculation

INSOLVENCY RISK

Accounting Standards Change Certificate

For 2018/19, Experian have adjusted scores for schemes that provided an accounting change certificate to them by 31 March 2018, where a change of accounting standard (for example to FRS 101 or FRS 102) impacted the calculation of a trend variable (which compare accounts data in the most recently filed accounts to that filed three years previously). The only scorecards with trend variables are scorecards 3, 4 and 7.

Non-sterling accounts

If accounts are filed or provided and are not in sterling Experian convert 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

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 2018/19 provided they did this by 31 March 2018.

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 2018.

Mortgage age

Three of the scorecards used to calculate scores for 2018/19, 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). This is down from six scorecards in 2017/18 and is due to the changes to some scorecards for the third triennium.

Levy calculation

INSOLVENCY RISK

Our Mortgage Guidance 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 2018.

Entities registered in countries not specified above 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 2018.

Other scoring methods

From 2018/19 we are using alternative methods of scoring in preference to Experian scores where certain criteria are met. There are three additional methods of scoring as follows.

Scorecard Number	Score source	Scorecard Title	Types of entities scored
9	CR	CRA (Credit Rating Agency) Rated	Employer that is CRA rated
10	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 (eg: Regional Banks) and can be scored by the S&P Credit Model
11	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

Levy calculation

INSOLVENCY RISK

Priority of scoring method

From 2018/19 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 the 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

INSOLVENCY RISK

Mean Scores

The starting point in establishing the insolvency risk element of the risk-based levy is the averaging of schemes' Monthly Scores (for 2018/19 the average is calculated over the six months from the end of October 2017 to the end of March 2018). 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 are 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.

Levy calculation

INSOLVENCY RISK

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 was 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.

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 was 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.

Levy calculation

INSOLVENCY RISK

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 $0.9 + (0.1 \times H_f)$ and a weighted average calculated to give IR. H_f is a concentration factor which reflects the extent to which a scheme's membership is dispersed.

The following simple examples demonstrate how the H_f 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
$H_f = 0.81 + 0.01 = 0.82$		
Mono Scheme, scheme structure factor = $0.90 + (0.1 \times 0.82) = 0.982$		
The scheme structure factor of 0.982 is applied to each Levy Rate before performing the weighted average calculation.		

Levy calculation

INSOLVENCY RISK

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
Employer D Ltd	$50/100 = 0.5$	
	0.5^2	0.25
$H_f = 0.81 + 0.01 = 0.82$		

Duo Scheme, scheme structure factor = $0.90 + (0.1 \times 0.50) = 0.950$

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 H_f 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 H_f 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 **2018/19 Determination**.

Levy calculation

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 2018/19 Determination.

Deficit-Reduction Contributions (DRCs)

For 2018/19, additional contributions paid into the scheme since the last submitted s179 valuation, 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 2018.

From 2018/19 we simplified the processes for certifying DRCs and you can find more information about this on our website.

Contingent Assets

For 2018/19, the following types of contingent assets have been recognised in the levy calculation, provided they satisfied the requirements of the Determination and were certified correctly by midnight on 31 March 2018.

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

RISK REDUCTION

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). So 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.

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 'term', $\sum_1^t (H^n \times IR_G^n)$, takes account of that 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 that part of the underfunding risk not protected by the contingent asset(s).

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

Levy calculation

RISK REDUCTION

In 2018/19 changes were made to our contingent asset regime to provide 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 .

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:

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

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 may 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.

Levy calculation

RISK REDUCTION

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 the PPF website **www.pensionprotectionfund.org.uk** under the section, Pension Protection Levy/Risk Reduction.

Contingent asset recognition in 2019/20

*If your scheme's contingent asset includes a fixed sum maximum amount that can be claimed we expect that you will need to re-execute your agreement using the new standard forms by 31 March 2019, if you wish to obtain levy credit in 2019/20. More information, including a short video, is available on our **website**.*

Levy calculation

RISK REDUCTION

Asset Backed Funding Structures (ABCs)

Adjustments have been made to the 2018/19 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 in Section 2 of this guide.

Reduction of scheme Underfunding for Qualifying ABC Arrangements

Where an ABC certificate was submitted by 31 March 2018 and has been accepted by the PPF, scheme underfunding has been reduced by the value of the ABC arrangement and any ABC payments certified.

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 2018/19.
- Contact the **PPF** 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.

3: Querying your invoice

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 2018 has been used in the 2018/19 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 the PPF is 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 think 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 TPR's or PPF's systems.

If you notice any discrepancies in the data used in your invoice, with the exception of your Mean Score, Levy Band or Levy Rate (when you should contact Experian on **08444 810810**), you should contact our levy customer support team on **0345 600 2541** or **levyinvoice@ppf.gsi.gov.uk** within 28 days of the date of your invoice.

Querying 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 the PPF cannot at this stage change the levy Determination for 2018/19, 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 Determination itself is 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
Levy Reviews	Generally, an appealable Score that has previously been appealed to Experian The calculation of a levy invoice Whether interest charged and invoiced for late or non-payment of the levy should be waived	Challenges to the underlying Policy rather than the Levy Rules Appealable Score that has not previously been appealed to Experian	Can be further appealed to Reconsideration Committee and PPF Ombudsman

Querying your invoice

REVIEWS AND APPEALS

Appealing your Experian Mean Score, Levy Band or Levy Rate

Mean Scores have been available through the **Pension Protection Score Portal** since June 2018. 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 he is 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 2018/19 have been available from June 2018. 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 the PPF (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 the PPF accepts your request they will advise Experian who will then consider your appeal.

Querying your invoice

REVIEWS AND APPEALS

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 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 the PPF website.

Raising queries and requesting reviews

If you think the PPF has 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.gsi.gov.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 2018 (or other relevant deadlines that apply for 2018/19). 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 the PPF after the 28 day deadline, we will still respond to your query, although you may be too late to apply for a formal review.

Querying your invoice

REVIEWS AND APPEALS

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 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 the PPF 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 the PPF. You can send us an electronic copy of the Levy Review Application Form, to the following email address: **reviews@ppf.gsi.gov.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 the PPF's Reconsideration Committee (**using the form available on the PPF 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

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.

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. However, you may wish to consider the financial consequences with regard to the interest you may be charged for late payment against the opportunity cost 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 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 recommence 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 the PPF (creditcontrol@ppf.gsi.gov.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.

Querying your invoice

LEVY COLLECTION DURING YOUR EXPERIAN APPEAL OR PPF REVIEW

Making a complaint about the PPF

If you are unhappy with the service you have received from the PPF, you can refer to the booklet 'How we deal with your complaints and concerns', 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, your concern will be considered and handled by other means.

4: 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 PPF.

If you want to receive notification of new PPF publications, including consultations, press releases and guidance documents, you can sign up for automatic email alerts on the home page of our website.

If you do you'll know when you have the opportunity to tell us what you think and influence the development of the levy and other areas of PPF work. Our consultations are open for all to comment and our consultation documents are available on our website.

5: Contact details

Pension Protection Fund

Address:

Renaissance
12 Dingwall Road
Croydon
Surrey
CR0 2NA

Website

www.pensionprotectionfund.org.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.gsi.gov.uk

for levy invoice queries (with the exception of those queries handled by Experian, see pages 34-35)

creditcontrol@ppf.gsi.gov.uk

for submitting your remittance advice for levy payments and for any queries regarding payment issues

eligibilityandwaivers@ppf.gsi.gov.uk

for ineligibility and waiver applications

reviews@ppf.gsi.gov.uk

for formal reviews

consultation@ppf.gsi.gov.uk

to respond to levy consultation documents

Experian

experianppf@mailgb.custhelp.com

for Pension Protection Score queries

Website

<https://www.ppfscore.co.uk/>
Pension Protection Score related queries: 08444 810810

The Pensions Regulator

Address

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW

Website

www.thepensionsregulator.gov.uk

Customer Support: 0345 600 5666

Disclaimer

The Board of the Pension Protection Fund (“the Board”) is a statutory corporation established under the Pensions Act 2004 to hold manage and apply the Pension Protection Fund. References in this leaflet to “the Pension Protection Fund” are references to the Board or to the Pension Protection Fund as appropriate.

The information provided in this leaflet does not constitute legal or other professional advice. This leaflet is intended to provide guidance only and not a full statement of the law or where the PPF’s levy rules as set out in the annual levy Determination. Where legal or other professional advice is required the reader must contact his or her own professional advisers.

Information in this leaflet may in some cases be based on legislation that has not yet been fully enacted and/or may be subject to subsequent amendment. The Board accepts no liability for changes in the law that affect the accuracy of the information in this leaflet.

6: Glossary

INITIALS AND TERMS USED IN THIS GUIDE OR ON YOUR LEVY INVOICE

General		Page
SBL	Scheme-based Levy	12
RBL	Risk-based Levy	12
SLM	Scheme based levy multiplier, a factor applied to all schemes	12
LSF	Risk-based levy scaling factor, a factor used in calculating RBL	13
K	Risk-based levy cap, the maximum proportion of liabilities that the RBL cannot exceed	13
UA	Assets that have been smoothed but not stressed	11
A	Assets that have been smoothed and stressed	11
BS	Stressed asset value from the Bespoke Stress Calculation	11
BU	Unstressed asset value from the Bespoke Stress Calculation	11
UL	Smoothed but not stressed liabilities or 'Unstressed Liabilities'	11
L	Stressed and smoothed liabilities	11
U	Underfunding	12
Hf	Herfindahl factor – a concentration factor for multi-employer 'Last Man Standing' schemes – reflecting the extent to which scheme membership is dispersed	20

6: Glossary

INITIALS AND TERMS USED IN THIS GUIDE OR ON YOUR LEVY INVOICE

Insolvency terms	Page
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	19
T Total number of members in the scheme (used when averaging of Levy Rates is necessary in multi-employer schemes)	Invoice
WF Sum of weighted Levy Rates over total number of members	Invoice
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.	14-18
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	27-28
IR_G^F Insolvency Risk of a guarantor employer (incorporating the scheme structure factor where applicable and without any gearing adjustment)	28
GAM Represents the number of members allocated to a guarantor which is also a scheme employer	28
M Represents the total number of members in a scheme	28
A% Percentage of underfunding to which a Type A contingent asset applies	Invoice
CA Contingent asset	Invoice
H The underfunding covered by a contingent asset shown on your bill in £	27-28
D Deficit Reduction Contributions	Invoice



Pension
Protection
Fund