

# Member Focus

Our annual look at the performance of the Pension Protection Fund

December 2014

Pension  
Protection  
Fund



## A word from our Chief Executive, Alan Rubenstein

It's been another year of growth for the PPF. We grew not only in terms of our membership – 199,000 members and counting – but also in scale, with assets totalling over £16 billion.

We've not only got bigger, but we've also become stronger. By the end of the year, our fund had a surplus of £2.4 billion, an increase of £600 million on the previous year. We are working to ensure that the PPF operates as efficiently and effectively as possible. We want to have greater control and flexibility over the services we provide and we want you, our members, to experience exceptional service.

Our aim to protect people's financial futures continues to be at the heart of everything we do. With this in mind, we are in the process of bringing member services in-house. We are confident that this will result in improved customer service to you, our members, and give us greater control and flexibility over the services we provide.

That just leaves me to wish you a Happy Christmas and a prosperous New Year. I personally am looking forward with great enthusiasm and optimism to the year ahead.

“Our aim to protect people's financial futures continues to be at the heart of everything we do.”

## This year's highlights...

We won the 'European Pension Fund of the Year' award.

We have assets worth more than £16 billion.

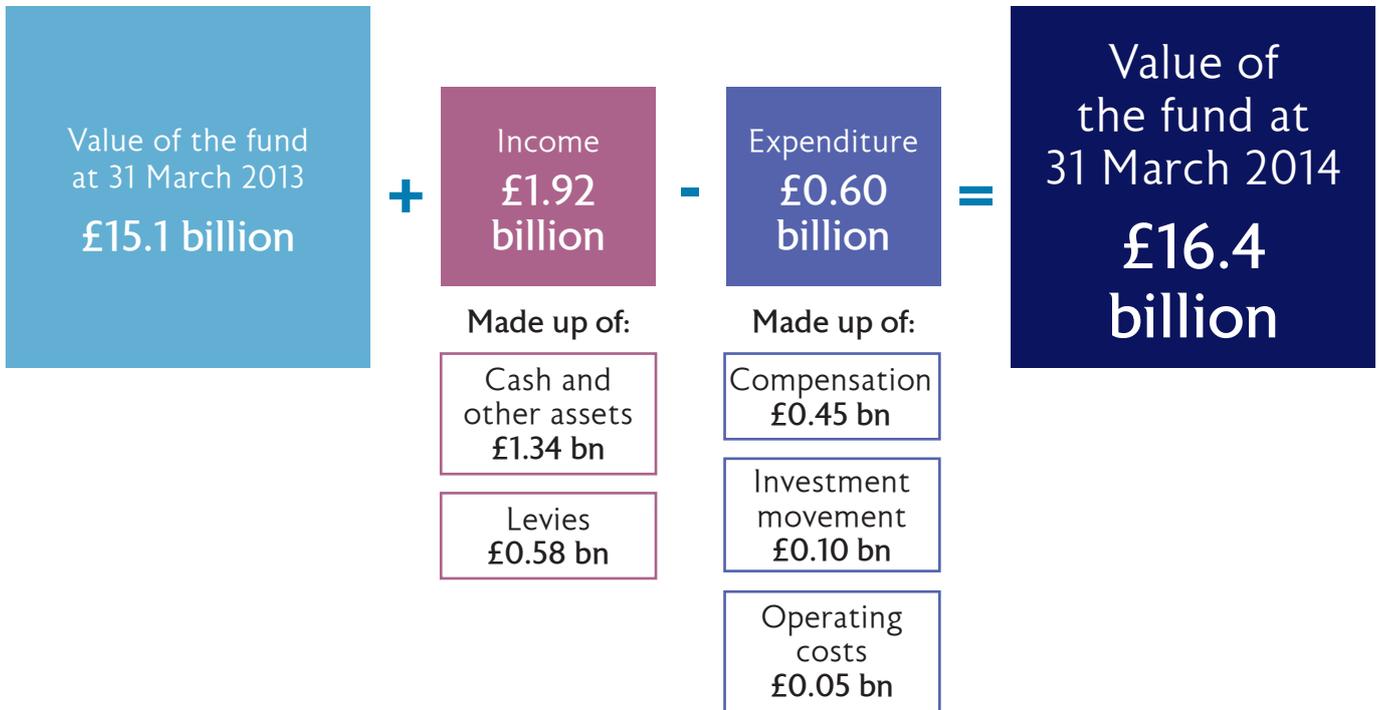
We have paid out £1.2 billion in compensation since 2005.

We now have almost 200,000 members!



# The facts and the figures

The diagram below shows the money that came into the PPF and went out during the financial year to 31 March 2014.



## How efficient have we been?

We try to be as efficient as we can in everything we do.

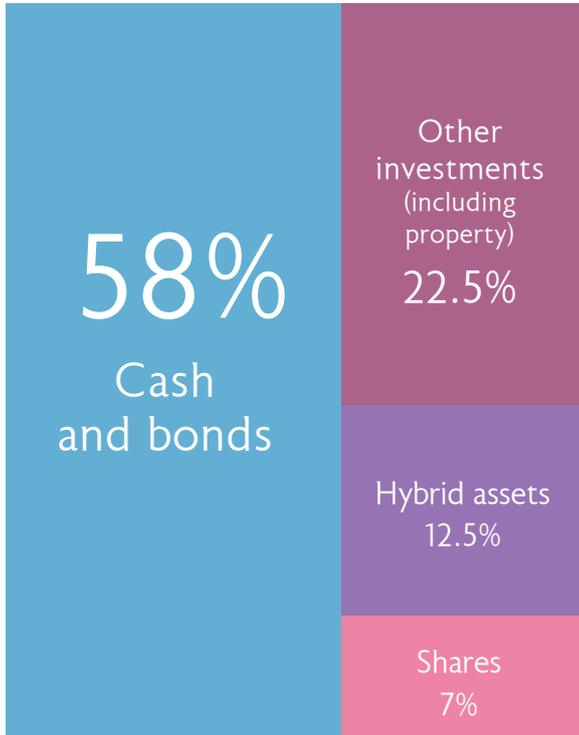
During 2013/14, we spent £48 million, £19 million under budget.

The average administration cost per PPF member fell from £81 in 2012/13 to £79 in 2013/14.



# Investment

We invest our assets like this.

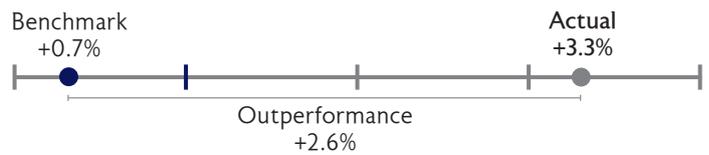


Our investment approach is to make sure our assets match the cost of future compensation payments. To protect against risk and provide value to our levy payers, we also aim to outperform this target.

### 1-year performance\*



### 3-year performance (annual average)\*



\*excluding 'Liability Driven Investment' assets

Our successful and innovative investment approach was recognised with a number of awards during the year, including the Investment & Pensions Europe Award for 'European Pension Fund of the Year'.

# Membership



Our total membership  
199,127

## GOOD TO KNOW

27,109 people transferred to the PPF during the year.

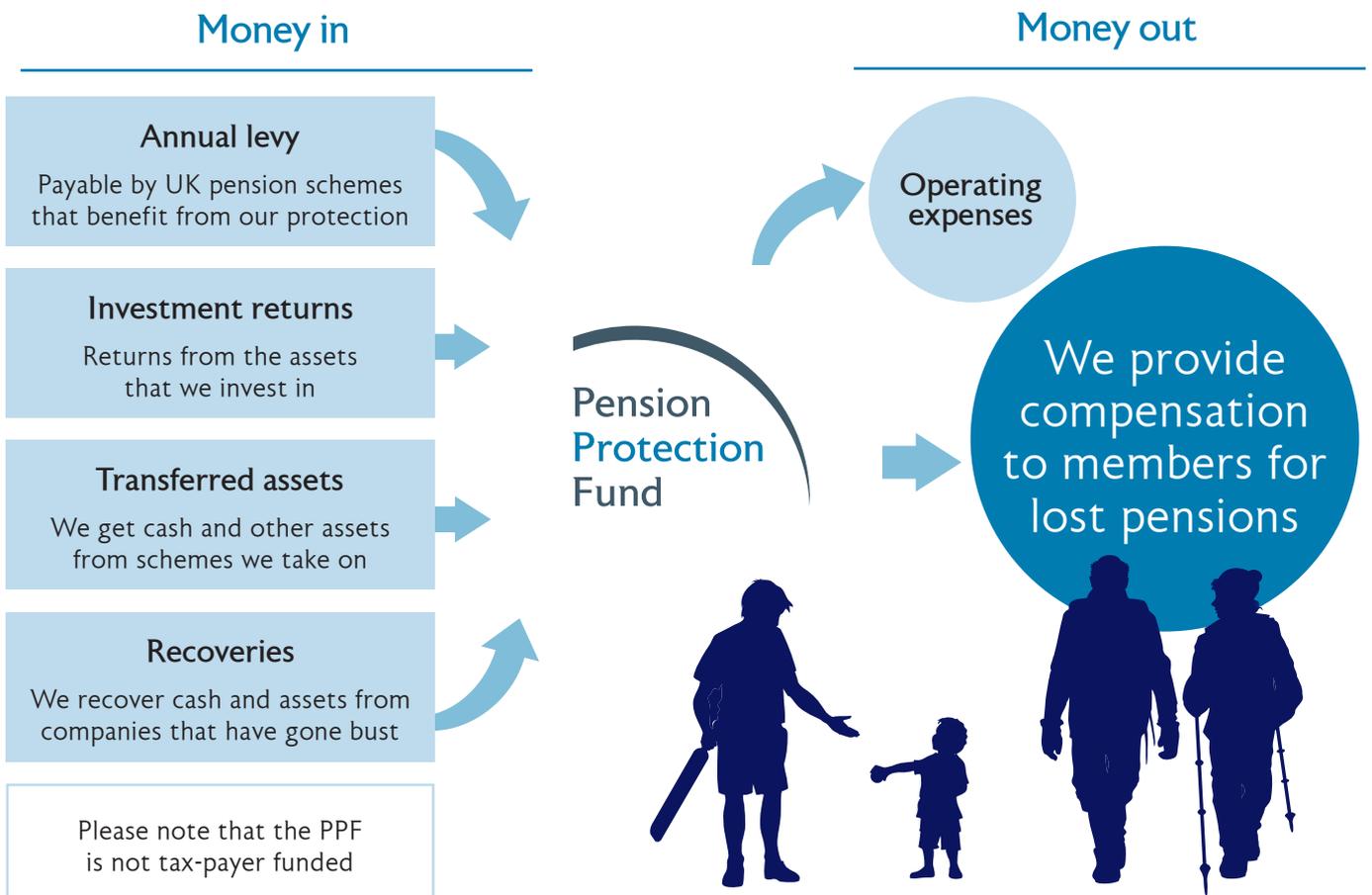
The largest single scheme we dealt with during the year was UK Coal.

### Age span of members



# How the PPF works

The PPF is a public organisation which is sponsored by the Department for Work and Pensions. It was set up by the Government but is run by an Independent Board. Below are the four ways we get the money we need to pay compensation to our members.



## GOOD TO KNOW

Almost 100,000 of you are already receiving compensation for your lost pensions.

Last year we paid out £445 million in compensation.

We have now paid out more than £1 billion in total.

## What the future holds

We are making great progress towards meeting our long-term goal of being financially self-sufficient in 2030.

This would mean that we will not need to turn to levy-payers (the pension schemes we protect) to make good any future deficit.

# Looking after your interests

Here at the PPF, we employ around 300 people. Our team is made up of talented and experienced professionals whose main focus is to look after the fund and your interests. Below, we feature interviews with two employees from our top team.

## Andy McKinnon, Chief Financial Officer

### Can you tell us a bit about your background?

I joined the PPF in September 2012 as Chief Financial Officer. My job is to make sure the PPF has an effective system of financial control, that we have sufficient resources and to demonstrate that we are using those resources as efficiently as possible. Previously I've held a number of number of finance and commercial management roles in life and pensions at Legal & General, JP Morgan and Swiss Re.

### The PPF is in a strong financial position. Can you tell us why this is?

Our financial position has continued to gain in strength. This is due to a number of factors including careful control over our costs (this year we were able to further reduce the average administration cost per member from £81 to £79) and effective collection of the levy. A major contributor to the strength of our balance sheet continues to be our investment strategy. We are recognised as industry leaders and I'm delighted to say that our awards for prudent and effective investment also continue to grow – which I hope reassures our members that their financial futures are safe in our hands.

### Members have been let down in the past. What would you say to reassure people that their money will be there for them?

We are working harder than ever to make sure that the PPF operates as efficiently as possible so that we can maximise the fund's size and scale. By making our assets and levy collections work as effectively as possible we can continue to offer value for money for our levy payers and ensure our members can remain confident in the protection we offer them.

As an organisation we are committed to creating a culture for our staff to strive for excellence, to feel their contributions are valued and to develop to their full potential. We believe by fostering this environment our people will live our values and fully support and deliver our strategic objectives. It was a real highlight that we were named amongst the Sunday Times Top 100 Best Companies to Work For in the Not-For-Profit Sector for 2014.

## Sara Protheroe, Director of Scheme and Member Services

### Can you tell us a bit about your background?

Previously I worked at the Department for Work and Pensions developing the Policy for the PPF and helping the Pensions Minister take the Pensions Bill – now the Pensions Act 2004 that set the PPF up – through Parliament.

When I finished that job I thought what could be more interesting than seeing something through from that very first idea – a twinkle in somebody's eye – to a real organisation, protecting the financial future of millions of people across the UK? I was about recruit number 40 for the PPF.

### Why bring member services in-house?

The PPF is a mature organisation with a multi-billion pound asset portfolio and a growing membership – we anticipate having over 250,000 members by 2016. The PPF will then effectively be one of the 10 largest UK pension schemes. Providing member services directly, like the majority of the largest defined benefit schemes, is therefore now a viable option.

Our research on service delivery options across the pensions industry revealed that there is currently no one in the market place who is providing the complete range and level of customer service we want to achieve.

To achieve the greatest degree of control and flexibility for our customer service and to make sure we get the best value

for money, we decided that running this ourselves for PPF schemes, rather than relying on an external supplier, is the right step to take.

### How's that project going?

We've been clear right from the start that it's important to get things right, not fast. As with most big programmes there has been a degree of slippage in respect of some internal milestones. This means that we now anticipate bringing PPF member services administration in house in 2015.

In the meantime, all payments will continue to be made as usual. We will communicate exact dates and contact our members with details of any changes made by bringing the services in-house (eg changes in contact details) as we get closer to delivering the new service.

### What does the future look like for member services?

We're committed to putting our members at the heart of everything we do and we want to provide a service that meets members' needs both now and into the future. This includes offering a wider range of online services and multi-channel access so members can easily contact us in the way that suits them best – by phone, letter, email or online. We'll be writing to members nearer the time to explain the new services in more detail.

## Putting something back

As a responsible employer, we pride ourselves on contributing and giving back to the local community and beyond. During 2013-2014, we have been actively involved in an array of activities from charity abseiling to biking 60 miles from London to Brighton.

We continued to support Croydon Commitment – a charitable business partnership – taking part in various community days. One of the highlights was returning for our sixth year to the pensioners' drop-in-centre, preparing and serving Christmas dinner to 100 people.

This year's efforts have touched the lives of many people in our community and supported a number of our chosen charities, with over £13,000 raised through PPF's Giving Something Back scheme.

Thank you to all our employees who have taken part this year. PPF are looking forward to another successful year of giving back in 2014-2015.

## Big changes to the UK pensions system

The Government is introducing the most radical changes to pensions in almost a century. The changes are subject to Parliamentary approval.

From April 2015, individuals aged 55 and over who have a defined contribution (DC) pension will be able to access their pension savings however they wish. This change ends the requirement to buy an annuity (a pension). Members will be able to take their entire pension pot as cash. The first 25 per cent of the pot will be tax free but anything over this will be taxed at the member's marginal rate of income tax. For many people this would be just 20 per cent.

As we provide compensation on a defined benefits basis, the changes won't affect you in relation to your membership of the PPF. There are no plans to change how PPF compensation is dealt with in the future. This means that we will continue to provide our members with regular, secure payments.

### Want to find out more?

The full Annual Report and Accounts for 2013/14 is available on our website at [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk)

## Keep in touch

If you have any questions about this newsletter or your benefits, please contact us at:

**Call:**  
 0845 603 7224

**Email:**  
 [members@ppfonline.org.uk](mailto:members@ppfonline.org.uk)

**Write to:**  
 Pension Protection Fund  
PO Box 128  
Mowden Hall  
Darlington  
DL1 9DA

**Visit:**  
 [www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk)

Please remember to let us know if your personal details (name, address or marital status) change.

This will help us to keep accurate and up-to-date information about you, ensuring that you get the right money at the right time.

## Useful contacts

### Department for Work and Pensions

For information about welfare and pension policy.  
Visit: [www.dwp.gov.uk](http://www.dwp.gov.uk)

### The Pension Service

For help with State Pension eligibility, claims and payments.  
Tel: 0800 731 7898 (for claims)  
Visit: [www.gov.uk/contact-pension-service](http://www.gov.uk/contact-pension-service)

### The Money Advice Service

For free and impartial money advice  
Tel: 0300 500 5000  
Visit: [www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk)