

The logo for the Pension Protection Fund, featuring a white curved line above the text.

Pension  
Protection  
Fund

# Terminal ill health



Protecting people's  
futures

## Register on our member website

We've developed a secure website for the exclusive use of our members.

Please register as soon as you can because the website gives you the freedom to access and manage information about your benefits, and make informed decisions, at a time that best suits you.

Once you've set up an account, you can do lots of things online.



If you haven't started taking your compensation payments, you can use the website to plan your retirement by seeing how much you could receive.



You may also be able to retire online, using our Quote and Retire service, which means less paperwork for you to complete.



Once retired, you can also view your payslips and P60s online. You can also use the website to update your contact and personal details, at any time.

To register, please go to the website at [www.ppf.co.uk/members](http://www.ppf.co.uk/members) and follow the simple registration instructions. It should only take a few minutes.

If you have any questions or concerns about anything included in this booklet, please visit our member website or contact us. Contact details are at the back of this booklet.



## When can terminal ill health benefits be paid?

Terminal ill health benefits can be paid to members with unclaimed benefits who are suffering from a progressive disease or condition and have been diagnosed as having six months or fewer to live. However please see the information below to see if this applies to you.

You don't have to have reached a certain age to make a claim.

We can only make a terminal ill health payment if your GP or medical practitioner fills in the form we send out when an illustration is requested.

If we accept a terminal ill health claim, and you survive beyond the six month period, you won't have to pay back the monies received.

But we wouldn't be able to make any further payments, either as a lump sum or ongoing compensation.

## How much will be paid?

You'll receive a one-off tax-free lump sum equal to two years' compensation, with no ongoing monthly payments after that.

The lump sum will be calculated assuming you reached normal retirement age on the date the application is approved, without a reduction being made for early retirement.

### Example:

If the total annual compensation is £1,000 then £2,000 would be paid as a lump sum.

## Members aged 55 or older (or over their protected pension age where this applies)

Members over their minimum retirement age requesting a terminal ill health quote will also be sent a retirement illustration.

The retirement illustration will show the amount of ongoing compensation available, together with the lump sum that could be taken. This is so the different illustrations can be compared and a decision made as to which option is most suitable. You may wish to speak to a financial adviser to help you with this.

## Getting advice

We can't give you financial advice ourselves. If you don't already have a financial adviser, you can find a local one at [unbiased.co.uk](http://unbiased.co.uk).





## Lifetime Allowance and the new Tax-Free Lump Sum Allowances

Prior to 6 April 2024 benefits were subject to the Lifetime Allowance (LTA). Under the LTA, people were only allowed a maximum amount of pension benefits throughout their lifetime without triggering a tax charge. As part of the Government's plan to remove the LTA, from 6 April 2023 to 5 April 2024 the tax charges that applied to pension benefits in excess of the LTA were removed. From 6 April 2024, the LTA will no longer apply and will be replaced with allowances that apply to tax-free lump sums.

### The Lump Sum and Death Benefit Allowance

The Lump Sum and Death Benefit Allowance is £1,073,100.00. To work out how much is available in respect of an individual, you'd deduct any of the following types of payment made since 6 April 2024 from the allowance:

- (i) the amount of any pension commencement lump sum; and
- (ii) the untaxed amount of
  - a. lump sum(s) paid from a money purchase arrangement, known as uncrystallised funds pension lump sums (UFPLS);
  - b. any serious ill-health lump sum;
  - c. any lump sum death benefit.

These may be subject to certain exceptions depending on your circumstances. Benefits taken before 6 April 2024 are also taken into account.

The amount deducted from the allowance in respect of benefits taken before 6 April 2024 may vary depending on a number of factors, including whether the individual had exceeded their LTA, or whether a serious ill-health lump sum, or death benefits lump sum, has been paid before that date.

A terminal ill-health lump sum paid by the PPF is treated as a serious ill-health lump sum for tax purposes. This means that where it's paid after 6 April 2024 the tax-free amount of the terminal ill-health lump sum is deducted from your available Lump Sum and Death Benefit Allowance.

In the event you have insufficient Lump Sum and Death Benefit Allowance available, or you're over age 75, the terminal ill-health lump sum may be subject to income tax.

For more information, please visit the HM Revenue and Customs (HMRC) website [www.hmrc.gov.uk](http://www.hmrc.gov.uk).



### **HMRC protections**

Some people may have a form of protection for their benefits, under HMRC rules. If this applies to you, please let us know as soon as possible. If you think you may be affected by the Lump Sum and Death Benefit Allowance, we recommend that you seek advice from an independent financial advisor.

### **Payments for a member's family when they pass away**

If you choose to receive a terminal ill health payment, after you pass away, regular payments will start to be paid to any children you have who are under 18 years old.

We'll also make payments to any children between the ages of 18 and 23 who are either:

- in continuing qualifying full-time education, or
- who have a qualifying disability which means they cannot work full-time.

Depending on the rules of your former scheme, we may also make payments to a surviving spouse, civil partner or relevant partner. A relevant partner is someone who you aren't married to, or in a civil partnership with, but who you live with as if you're married or in a civil partnership.







You should nominate a spouse, civil partner or relevant partner to receive compensation following your death. You can do this using our member website.

You should do this even if you provided this information to your former scheme. If you don't nominate your beneficiary online, they can still apply for compensation in the event of your death. They will however have to provide more evidence to prove their eligibility.

If you need any help registering for our member website, or making your nomination, please do let us know.

Nominating a partner can be particularly important. For instance, if a member separated from their spouse but didn't get divorced – and they don't nominate their new partner – compensation would automatically be paid to their spouse.

### **Levels of compensation for your family**

The amount of compensation your children could receive will depend on whether or not a spouse, civil partner or relevant partner is entitled to receive compensation when you pass away.

Your spouse, civil partner or relevant partner may receive half of the compensation you would have received, had you reached your normal pension age and not taken the terminal ill health payment.

Where compensation is being paid to a spouse, civil partner or relevant partner, the following compensation will be paid to eligible children:

- one child – 25 per cent of your compensation
- two or more children – 50 per cent of your compensation, divided equally.

Where compensation isn't being paid to a spouse, civil partner or relevant partner, the following compensation will be paid:

- one child – 50 per cent of your compensation
- two or more children – 100 per cent of your compensation, divided equally.

Payments will be made into a bank account which bears the relevant child's name.

When a child is no longer eligible for compensation, we'll stop making payments to them. But, if there are other children who are still eligible, the amount of compensation they receive will be recalculated in line with the criteria above.

However, payments won't be recalculated in cases where the children were receiving payments from the scheme before it entered the PPF assessment period. The assessment period starts at the date the scheme's sponsoring employer became insolvent.



In rare circumstances, where the child was receiving compensation before the member's former pension scheme entered assessment, the scheme rules might specify a different payment period for the compensation, which could be after or before age 23. In those cases we'll continue to pay the child in accordance with the former scheme rules.

### **Do you need assistance?**

We understand that some of our members may need some extra assistance from time to time and so we have a number of services and tools in place to help.

- If you need, or would prefer, to have a representative contact us on your behalf, we can send a Letter of Authority form for you to complete and return. The form is also available on our member website [www.ppf.co.uk/members](http://www.ppf.co.uk/members).
- If you need, or would prefer, to have a representative make decisions or amend personal information on your behalf, please send us a Power of Attorney. More information on how to make or register a lasting Power of Attorney can be found on the government website [www.gov.uk/power-of-attorney](http://www.gov.uk/power-of-attorney).

- If you have a sight impairment, we can provide letters and other communications in large print or Braille, in alliance with the Royal National Institute of Blind People (RNIB).
- For members who have a hearing or speech impairment Relay UK will enable you to communicate with companies over the phone. This service is regulated by Ofcom and is fully compliant with the General Data Protection Regulation (GDPR). Our staff can provide further information on how Relay UK can assist you and how we work together with them to support our members. Alternatively, you can find more information on their website [www.relayuk.bt.com/about-relay-uk](http://www.relayuk.bt.com/about-relay-uk).
- To help British Sign Language (BSL) users communicate with us, you can make a call to us via an interpreter at SignLive, which is a free service. All members have to do is register for SignLive once, through their website or app. When a member contacts us via SignLive, an interpreter relays the call between them and us. You can find more information on their website [www.signlive.co.uk](http://www.signlive.co.uk).
- For members experiencing mental health issues, our Contact Centre staff are trained to provide supportive conversations and know how best to assist members facing a number of difficulties and problems. All staff are familiar with the right organisations to signpost people to, where necessary.
- Our member website [www.ppf.co.uk/members](http://www.ppf.co.uk/members) is available to all of our members and can make it easier for you to access information, such as viewing our correspondence on screen. You can also contact us via the website through our secure messaging service. We're always finding ways to develop the website further and offer more online services to our members.

If you'd like to talk to us about any of these services, please contact us using the details at the end of this booklet. If the assistance you need isn't mentioned on this list, please don't hesitate to contact us so we can discuss how we can help. You can also use our secure messaging service to let us know of any vulnerability you may have and how we can further support you.



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# Pension Protection Fund

## Contact us

Pension Protection Fund  
PO Box 254  
WYMONDHAM  
NR18 8DN

## Telephone

0330 123 2222

## Overseas Members

+44 (0)208 633 4902

## Email

[ppfmembers@ppf.co.uk](mailto:ppfmembers@ppf.co.uk)

## Member website

[www.ppf.co.uk/members](http://www.ppf.co.uk/members)

## PPF Corporate website

[www.ppf.co.uk](http://www.ppf.co.uk)

Keeping your personal data secure is very important to us. That's why we're now asking you not to email us with any changes you want to make to your personal information. Your personal details, either in the email or on any attached documents, are the type of information fraudsters look for. So for your safety, we provide a secure messaging service through our member website. We can also reply back to your web account and you'll be notified when you have a new message from us. You can also safely upload documents to our member website using our Send Us a Document Tool. As well as being quick and simple to use, you'll know your details are secure.

## Protecting your data

We take care to handle your personal data in compliance with data protection legislation.

We process your personal data, including health data, correctly and lawfully, to enable compensation payments to be made to you, to keep you up-to-date with developments and to seek your feedback about ways we could improve our service.

We won't rent, swap or sell your personal data to any other organisation.

You can view our full privacy policy at [www.ppf.co.uk/members](http://www.ppf.co.uk/members) or you can request a printed copy of the privacy policy be sent to you by using our contact details.

This booklet is for guidance only. It's necessarily simplified and not a definitive statement of law or entitlement.

Information in this booklet is based on our current understanding of the legislation governing the PPF in force at the time of writing.

Payments will always have to be calculated in accordance with legislation which will, therefore, override in the case of conflict.