

# Member Focus

Pension  
Protection  
Fund

Our regular look at the performance of the Pension Protection Fund

March 2016



## A decade of great progress

Chief Executive, Alan Rubenstein

The Pension Protection Fund has been protecting members' futures – your futures – for over ten years now. And I'm proud to say that we're still as strongly committed to securing your retirement as when the PPF was created.

Looking back, you and other PPF members will most clearly see the difference we've made. It's hard to believe that prior to our existence, many people would've had greater certainty of outcome if their holiday provider collapsed than if their pension scheme got into trouble.

So it's fair to say it's been a decade of major transformation as we've grown to make sure we can protect people's pensions. And 2015 marked another year of significant progress for us: not only do we now manage around £23 billion of assets, a total of nearly a quarter of a million members have joined us as well.

We're on track with our three main priorities: satisfied members, solid funding and strong risk management. You can therefore be assured that your compensation now or in future is coming from a secure source.

These successes won't stop us from evolving our strategy though. Because the wider economy remains volatile, we aim to continue developing to keep pace with the risks we face.

We're also always looking at how we can share our knowledge and experience to achieve better outcomes for UK pension schemes and their members. Because of our increasing size, skills and capability, we have the capacity to do more.

## Our people's highlights

"What I love most about my job is that we're providing members with something so important, which they wouldn't have without us"

"It's great knowing that I've made a small and positive difference to someone's life"

"We've got 220,000 members to look after, all of the team is in place, and it feels good. We've got to where we wanted to be"

"It gives me a sense of achievement knowing that any improvements we make will be beneficial for our members"





Andy McKinnon  
Chief Financial  
Officer

## “Our financial health has strengthened”

The PPF was set up ten years ago to provide members of defined benefit pension schemes a level of protection that didn't exist before. The seismic shifts over the past decade in the UK's pension landscape have only emphasised the necessity of effective risk management. And our existence is more important than ever to ensure that the 11 million members of pension schemes that might be unable to pay what they promised don't end up without any pension at all.

In order to fulfil our role, we need sufficient funds to pay your compensation for your entire lifetime. We're not funded by the tax-payer, so we get all the money we need from the schemes that transfer to us, the growth of our investments and our annual levy on the schemes we protect.

It's nice to see how our financial health has strengthened: as at 31 March 2015 we had reserves of £3.6 billion and an investment return of an impressive 25.9 per cent. But we can't ignore the challenges presented by the external

environment and the fact that many pension schemes might need our support in future.

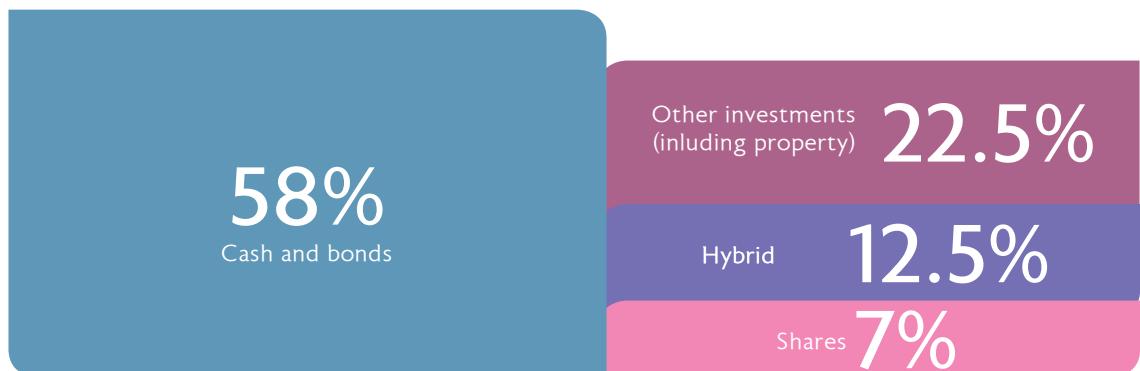
That's why we test a million different possible futures as to how our assets might grow and how high our costs will be. When many of the pension schemes we protect will have gone, which we have assumed will be by 2030, we want to have weathered these possible storms and be strong enough to keep paying compensation.

And we can already give you reassurance: in 88 out of every 100 possible futures our tests tell us we'll reach our planned destination. That's ahead of our target, yet we want to become even more confident as we get closer to our goal.

Managing billions of pounds in investments and overseeing compensation for nearly a quarter of a million members is a complex task. Therefore, we've developed a costing model that allows us to better measure our efficiency and benchmark services externally. As the PPF grows, we continually challenge ourselves to maintain an efficient and effective organisation.

## Investment

This is how we invest our assets:



Barry Kenneth  
Chief Investment  
Officer

## “Investing for the long-term”

I took on the challenge to join the PPF and make us the most forward-thinking UK pension fund. And we're doing well: at the Investments & Pensions Europe Awards 2015 in Barcelona we took the 'Best Industry-Wide Pension Scheme' award as we impressed the jury with our funding strategy and investment model. You can see all of the awards we've now won on our website.

But there's always room for improvement. That's why even with around £23 billion of assets, we've decided to make more positive changes to our successful strategy. We've been looking at the types of assets we own and how best they can help us toward our funding target.

Both in the UK and around the world we're increasingly investing in lots of different types of assets, like infrastructure: physical things which we can own for decades and that generate the money that over the time we'll need to pay our members.

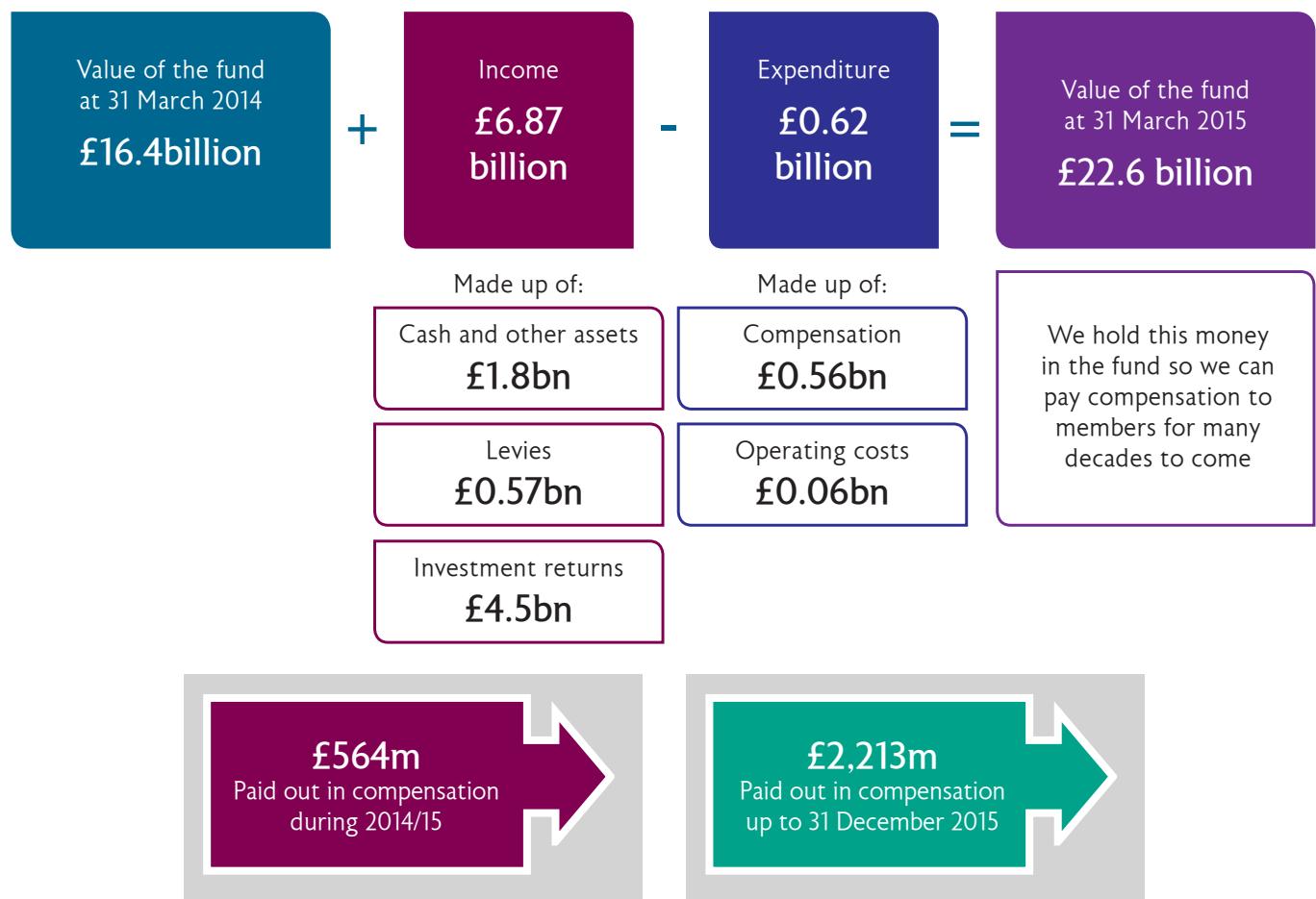
Our strategy has served us well over the last ten years, however as we grow and the markets become more complex, driven by an ever more challenging economic and regulatory environment we need to evolve to ensure we have the best chance of completing our mission.

As you'll be aware, that journey involves insourcing part of our asset allocation. A move that will give us more control over our assets and enable the investment team to react quicker to changing market events, by having direct access to the market. This will be a phased process but we'll be managing assets directly from Croydon in 2016.

That agility and control is very important to provide the security you need and expect. We know that our members may have already experienced a great deal of stress before coming to us. That's why we need our assets to work really hard in the market, to help us secure your futures.

# The facts and figures

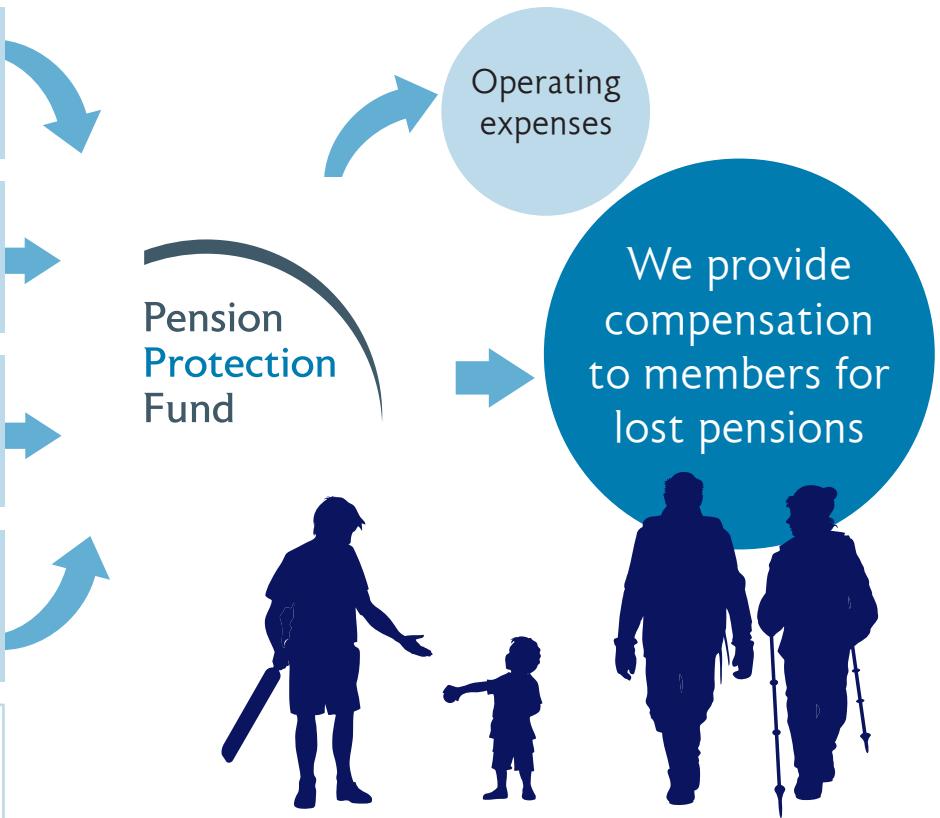
The diagram below shows the money that came into the PPF and went out during the financial year to 31 March 2015



## Money in

- Annual levy  
Payable by UK pension schemes that benefit from our protection
- Investment returns  
Returns from the assets that we invest in
- Transferred assets  
We get cash and other assets from schemes we take on
- Recoveries  
We recover cash and assets from companies that have gone bust
- Please note that the PPF is not tax-payer funded

## Money out





Sara Protheroe  
Chief Customer  
Officer

## "It's great to hear that we're delivering the excellent service we aspire to"

We have successfully moved our member services in-house. But what does that mean for you?

As the PPF grows, we have to adapt so that we can continue to offer the best possible service to our members. In 2015 we started running our member services from within the PPF, instead of using an external company. But what does this change mean for you?

Sara Protheroe, Chief Customer Officer, explains: "One of the most important things to us is how we communicate with our members. That's why we aim to adopt a clear and jargon-free tone of voice in our letters and emails."

### Well-trained team

"All of the team members in our Contact Centre have received training accredited by the Institute of Customer Service. This is the team you directly get in touch with when you contact us. No more menu choices on the phone or waiting a couple of weeks for a resolution. Instead they're there to help you straight away."

As well as this high quality well-trained team, we've also set up a highly efficient administration system and a new member website. "We're now using barcodes so we can easily track correspondence back to the right member.

This means a quicker reply as your letter will go straight to the member of staff who is already helping you." Sara says.

"And we're developing an easy-to-navigate member website which allows you to manage your own details. I can only apologise that a number of teething problems haven't made it easy. But we've worked hard to overcome the issues and we've made changes to improve the web service. We're really grateful for your patience throughout, and – if you haven't yet done so – I encourage you to register on the website where new features await.

### Motivation and commitment

"We've already received some lovely thank you letters, and positive feedback through our surveys", she continues. "One member went so far as to say that he received the most wonderful service he's ever had from a company in his life! It's great to hear that we're delivering the outstanding service we aspire to. Receiving praise for my team's individual contributions is motivating for all of us.

"We're committed to continuously improving our services to you. That's why we're very keen to respond swiftly when we get feedback on areas for improvement too. We can always do more and get better."





**Lucy Ogan**  
Head of  
Performance  
Improvement

## "We're excited about the new features on our member website"

The PPF launched its new member website in autumn 2015 as another way of communicating with you. We've made some changes to improve the service and give you more control.

After you register and log in to the website you'll find a number of tools to help you manage your PPF compensation. That way you can easily change certain personal details such as your address. You can nominate a beneficiary online, change your bank details, and view your payslips or P60s if applicable.

"We realise that although we provide protection when needed, our members do not choose to join us. That's why we want to give you the chance to make some choices of your own when it comes to your retirement", says Lucy Ogan, Head of Performance Improvement. "The new member website can make this very important period easier."

### What's new?

"Members who are yet to retire can now view their benefit statement online, which gives an idea of what your compensation might be", Lucy adds. "But soon you'll get to try out our more dynamic modeller function too. This will allow you to compare the compensation you can expect to receive at different ages with different options."

Another new feature we're looking to introduce is the secure mailbox. "Not only do we want you to be able to choose how you contact us," she explains, "we want you to be able to do so as securely as possible." The mailbox function will enable you to send us your queries directly from your account on the member website, and we'll get to respond to you in the same way.

### Your feedback

"As Sara also points out, we've recently experienced some technical difficulties when launching new features. We apologise, and have worked hard to improve this", Lucy says. "If you haven't yet registered on the site hopefully these new features will encourage you to do so. We would welcome feedback from members as our ambition is to extend and improve our website."

### Where can I find the new online service?

If you want to use our improved service, you can register and create a new account on [www.ppfmembers.org.uk](http://www.ppfmembers.org.uk), our new member website. Simply follow the instructions by clicking the 'Register' button, or watch our registration video guide in the Video Zone for more info.

<http://www.ppfmembers.org.uk/VideoZone>

## GOOD TO KNOW

Big schemes we've welcomed: UK Coal, Scottish Coal, HMV, Kodak

### Age span of members

Youngest member  
**1**

Average member  
**61**

Oldest member  
**104**

More than  
13,000 members  
have registered  
on the website



## Making sure your details are up to date

Target Professional Services (UK) Ltd assists us in verifying your details.

At the PPF we want to make sure we pay the right person the right amount at the right time. In order to do so, Target Professional Services (UK) Ltd assists us in verifying the details we hold on you.

We check if your address is up to date, and if compensation payments are still due. This happens annually with letters going out from April to August this year.

We know that you may receive lots of correspondence in the post. As our top priority is to safeguard your interests, we want to make sure our communications are safe and secure.

You can recognise letters we send you by our logo. You'll recognise the letter to verify your details by the PPF and Target Professional Services (UK) Ltd logos:



If you receive a letter from Target asking you to confirm your details, please respond as quickly as possible using the Target Professional Services (UK) Ltd contact details as seen below:

First floor offices  
Unit 4 Ellis Square  
Manor Road  
SELSEY  
West Sussex  
PO20 0AY

Free phone: 0800 9881255  
Main office: 01243 601333  
Email: [info@targetprofessional.co.uk](mailto:info@targetprofessional.co.uk)  
Website: [www.targetprofessional.co.uk](http://www.targetprofessional.co.uk)

If you have any concerns about a letter from us, don't hesitate to give us a call on 0330 123 2222.

## 2016 compensation increases

The amount of compensation we pay and how we increase it is set by law. For 2016 any increases we pay are set at 0.1 per cent.

Once in payment, the part of your compensation that's derived from pensionable service on or after 6 April 1997 increases annually. From 1 January 2016 that increase is set at 0.1 per cent.

The annual increase is set in line with the Consumer Prices Index (CPI) over a fixed period. In the year to May 2015 the CPI rose by 0.1 per cent, and this is the figure we're required to use.

You'll get a proportionate increase if you've been receiving compensation from us for less than 12 months. For dependants the increase is based on the date the compensation came into payment, which can be prior to the date you started receiving these benefits.

## Keep in touch

If you have any questions about this newsletter or your compensation, don't hesitate to

📞 **give us a call** 0330 123 2222

✉️ **send us an email**  
[ppfmembers@ppf.gsi.gov.uk](mailto:ppfmembers@ppf.gsi.gov.uk)

✉️ **write to us**  
Pension Protection Fund  
PO Box 254, WYMONDHAM NR18 8DN

🌐 **visit our website**  
[www.pensionprotectionfund.org.uk](http://www.pensionprotectionfund.org.uk)  
[www.ppfmembers.org.uk](http://www.ppfmembers.org.uk)

## 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. Call 0800 731 7898 for claims, or visit [www.gov.uk/contact-pension-service](http://www.gov.uk/contact-pension-service)

### The Money Advice Service

For free and impartial money advice.  
Call 0300 500 5000, or visit  
[www.moneyadviceservice.org.uk](http://www.moneyadviceservice.org.uk)