



Dear Member,

As promised, I'm writing to update you on the progress we've made towards uncapping your compensation payments and calculating and paying the arrears and interest we owe you.

### *Our progress to date*

So far, we've removed the cap and paid arrears to around 25 per cent of our affected members, and we're aiming to have processed the majority of the remaining payments by the end of the year. Although this work remains challenging and time consuming, we continue to make good progress in overcoming these issues and we continue to work hard to progress these payments as quickly as we can.

As explained in May, one of our major challenges was ensuring we had the right historical data so we could put the correct compensation into payment. We've made significant progress in this area to date, and we've received helpful information from members which we've now checked against the data we currently hold to ensure it's appropriate to use.

Another notable challenge, as identified in May, is linked to our decision to offer members who retired after their employer's insolvency date the option to take part of their uncapping increase as a lump sum and pay any resulting tax charges on their behalf. We felt strongly that putting members in the position they would have been in, had the cap never been applied, was the right thing to do but it's meant we've needed to undertake complex and time-consuming individual pension and tax calculations. I am pleased to report that we have now automated these calculations and we expect this will speed up processing time significantly.

We also previously outlined the below priority order for uncapping affected members and paying them their arrears and interest.

1. Those who've retired within the last year (to avoid triggering tax charges).
2. Those we consider to be the most affected by the removal of the cap – we'll judge this by reference to whether a member received an interim Hampshire increase, and the length of time since retirement or assessment date, whichever is later.
3. Those who didn't receive an interim Hampshire increase but we do have accurate data.
4. Everyone else.

To try and process as many members as we can before the end of the year, we're now running priority 2 and 3 groups at the same time. Priority 4 are groups of members whose individual circumstances are more complicated, and we are currently identifying how best to deal with these members. These groups may take a little longer to conclude.

### ***We'll write to you, and keep you regularly updated***

We appreciate you'll want to be kept updated and know when we'll get to your case. We'll continue to keep you updated and we'll write to you if we need more information, and as soon as we have an update on your individual case – there's no need to contact us - we'll contact you.

We also regularly update the [Frequently Asked Question \(FAQs\)](#) section on our website. We recently added some information on the Pension Lifetime Allowance (LTA) which we hope you'll find helpful. If you become liable to pay an LTA tax charge on your PPF benefits now that the compensation cap has been removed, this update provides some guidance on how you may be able to apply for retrospective LTA protection to reduce or remove any tax charges payable. The dedicated LTA [FAQs](#) and [infosheet](#) explains the different types of LTA protection that exist, along with the different eligibility criteria. We've also provided some guidance for engaging with HMRC, including a detailed explanation which you can share with them directly.

If you exceed the LTA when we remove the cap from your PPF benefits, we'll let you know the total value of your uncapped pension and check if you intend to make a late application for retrospective LTA protection. Once you've obtained retrospective LTA protection (or you confirm you don't intend to apply for retrospective LTA protection) we'll confirm your total PPF benefits and share the various options available for you.

If you haven't heard from us by the end of the year, we will write to you again with a further update.

I hope this information is helpful and would like to again emphasise that we are doing our very best to progress this work as quickly as we can. Thank you for your continued patience.

Kind regards

**Sue Rivas**  
*Director, Scheme Services*