

11

PPF compensation 2021/22

This chapter looks at the compensation that we paid to PPF members in 2021/22, including the distribution of compensation amounts, and the gender split of PPF members.

Summary

When a scheme transfers into the PPF, we generally pay compensation of 90 per cent of the scheme pension (subject to a compensation cap<sup>1</sup>) to members who have not reached their Normal Pension Age (NPA) at the date the scheme entered assessment. We will generally pay a starting level of compensation equivalent to 100 per cent of the scheme pension to those members who are over their NPA at the start of the assessment period.

Here are some of the key statistics features in this chapter:

	31 March 2022	31 March 2021
PPF compensation paid in the year	£1,115m	£1,006m
Number of records in respect of members receiving compensation	193,983	184,844
Average annual amount paid to members and dependants	£4,825	£4,829
Number of records in respect of deferred members*	111,995	113,902
Average annual compensation accrued by deferred members (ignoring any impact of the compensation cap)	£3,309	£3,325

\* Members with compensation not yet in payment.

Total compensation and other member statistics

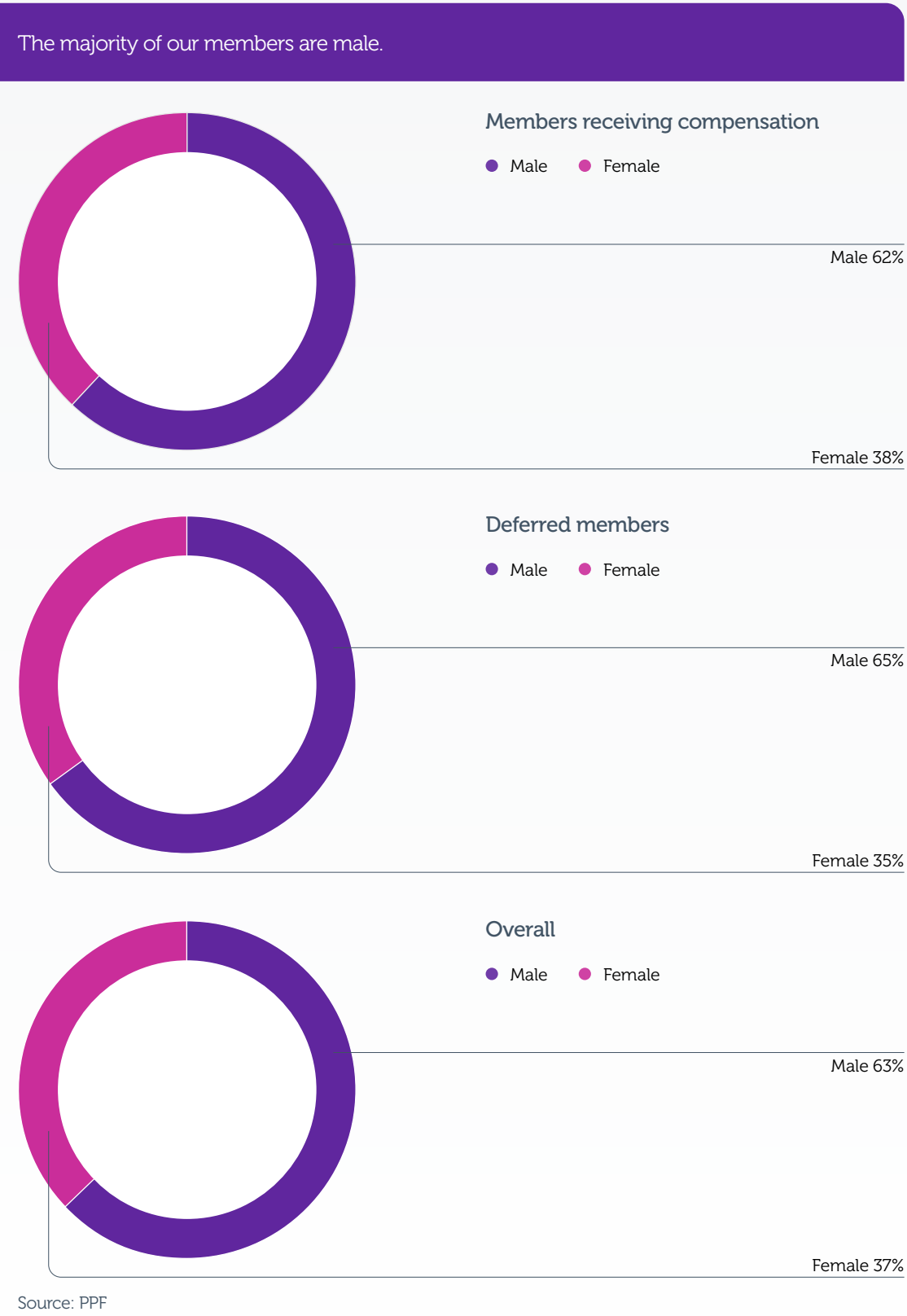
Figure 11.1 | Total compensation and number of members' records

Total compensation paid in the year to 31 March 2022 was £1,114.9 million, 11 per cent above the amount paid in the year to 31 March 2021.				
Year ended 31 March	Total compensation paid	Number of members' records*		
		Members receiving compensation	Deferred members	Total
2007	1.4	1,457	5,621	7,078
2008	17.3	3,596	8,577	12,173
2009	37.6	12,723	18,009	30,732
2010	81.6	20,775	26,058	46,833
2011	119.5	33,069	42,063	75,132
2012	203.3	57,506	70,608	128,114
2013	331.8	80,665	91,353	172,018
2014	445.1	95,599	100,070	195,669
2015	564.0	114,028	110,681	224,709
2016	616.0	121,059	109,143	230,202
2017	661.3	129,661	110,478	240,139
2018	724.5	135,377	107,759	243,136
2019	775.1	148,005	109,567	257,572
2020	859.7	169,861	116,461	286,322
2021	1,006.4	184,844	113,902	298,746
2022	1,114.9	193,983	111,995	305,978

Source: PPF

\* Some members have more than one record in the data.

Figure 11.2 | Gender of members in the PPF



1 In June 2020 the Administrative Court ruled in the case of *Hughes v Board of the Pension Protection Fund 2020 EWHC 1598* that this cap is unlawful. The Court of Appeal upheld this ruling in August 2021. We are currently in the process of uplifting compensation for members who were previously capped, but the compensation in payment shown in the table above has not yet been adjusted to disapply the compensation cap for most members.

PPF compensation 2021/22 continued

Figure 11.3 | Distribution of members receiving compensation by annualised compensation level

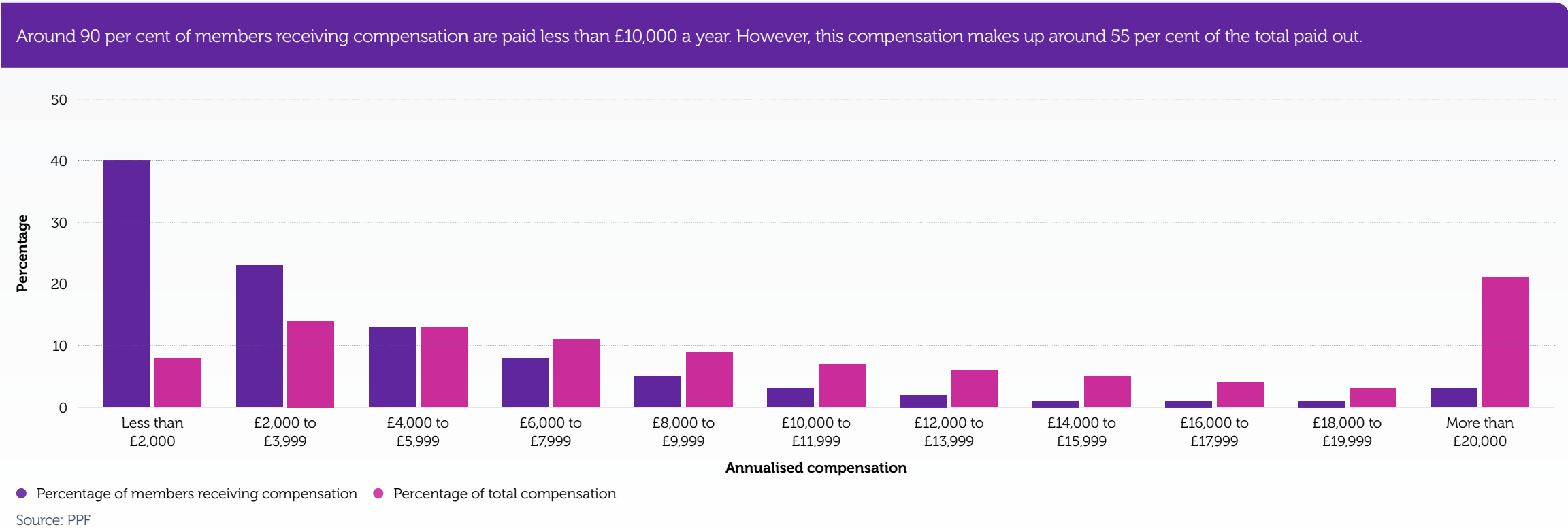


Figure 11.4 | Distribution of deferred members by annualised compensation level

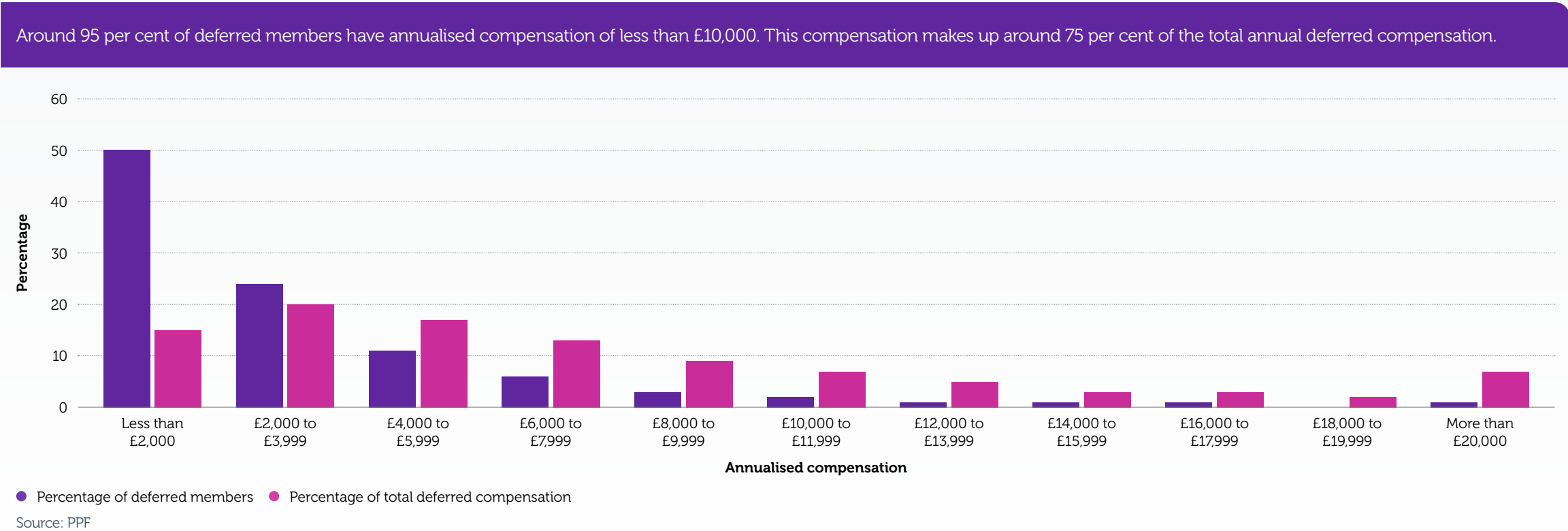


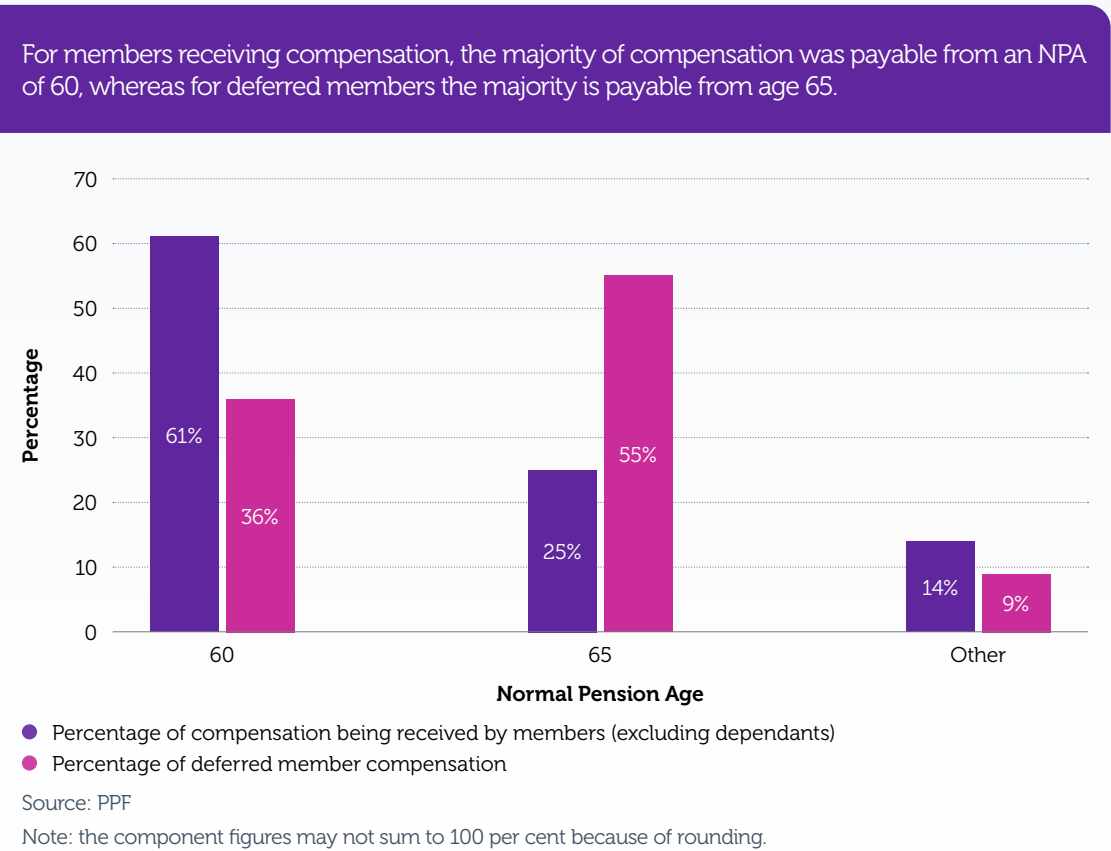
Figure 11.5 | Status of members receiving compensation

	Number of records in respect of members receiving compensation	Percentage of total population	Annualised compensation (£m)	Percentage of total annualised compensation
Members	161,465	83%	830	89%
Dependants	32,518	17%	106	11%
Total	193,983	100%	936	100%

Source: PPF

Note: annualised compensation is less than compensation paid in the year to 31 March 2022 as the latter includes cash sums taken upon retirement, and takes account of member movements (e.g. deaths or retirements) over the year.

Figure 11.6 | Distribution of members receiving compensation (excluding dependants) and deferred member compensation by Normal Pension Age (NPA)



PPF compensation 2021/22 continued

Figure 11.7 | Annualised compensation by UK region

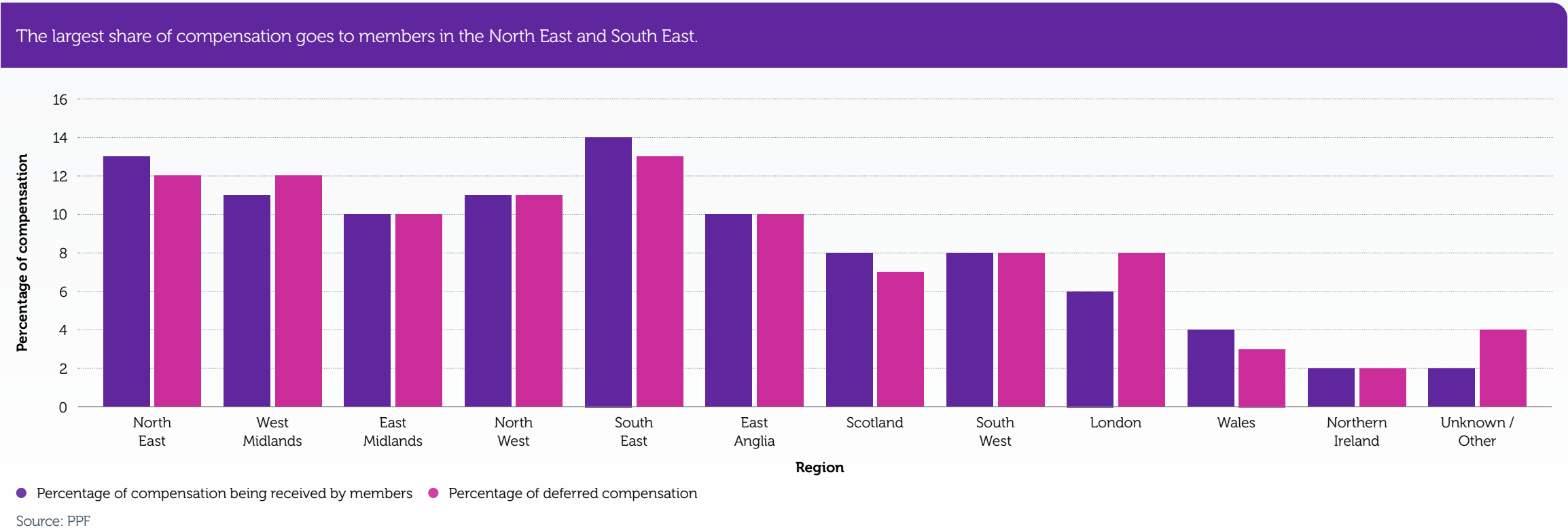


Figure 11.8 | Annualised compensation for members receiving compensation and deferred members before 6 April 1997 and after 5 April 1997

Around 70 per cent of compensation being received by members was accrued before 6 April 1997.

	Members receiving compensation		Deferred members	
	Annualised compensation (£m)	Percentage	Annualised compensation (£m)	Percentage
Before 6 April 1997	637	68%	147	40%
After 5 April 1997	299	32%	224	60%
Total	936 <sup>1</sup>	100%	371	100%

Source: PPF

1 This represents the annualised compensation payable to members receiving compensation at 31 March 2022 and excludes lump sums, whereas the total compensation paid over the year to 31 March 2022 including lump sums is £1,114.9 million.