

Pension  
Protection  
Fund

Manager of the Financial  
Assistance Scheme

# When you retire

A photograph of an older man with white hair, wearing a blue jacket, smiling as he prunes a tree. The tree is decorated with various colorful light bulbs (yellow, orange, purple, green) and lanterns. A green curved line graphic is overlaid on the image, starting from the top left and curving around the man's head and shoulders.

Protecting people's  
futures

## Register on our FAS 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 assistance 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/fasmembers](http://www.ppf.co.uk/fasmembers) 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 FAS member website or get in touch with us. Contact details are at the back of this booklet.

This booklet is designed to help you understand how the Financial Assistance Scheme (FAS) works and, as one of our members, what you're entitled to when you retire. We've tried to keep it as simple as possible, but there are still some technical terms that we need to use. There's a glossary at the back of this booklet that explains these.



# The Financial Assistance Scheme

The FAS was announced by the Government in May 2004 and began operating in September 2005.

We provide financial assistance to members of certain defined benefit pension schemes, who'd lost all or part of their pension following their scheme winding up underfunded, generally between 1 January 1997 and 6 April 2005.

When your scheme transferred into the FAS, you became one of our members. We would have sent you a welcome pack at this point, including details of your former pension scheme. We use the details provided by your former scheme to work out how much we're able to pay you.

The FAS is funded by the Government but is administered day-to-day by the Board of the Pension Protection Fund, on behalf of the Department for Work and Pensions.

## What you'll receive

FAS payments contribute to the replacement of expected retirement income. They won't necessarily cover all the different benefits you were entitled to under your original pension scheme.

We work out how much you're entitled to receive as a yearly amount that we call an annual payment. You'll either be a FAS top-up member or a FAS single payment member.

FAS payments are made from your FAS Normal Retirement Date. You can only start your payments earlier if you qualify for early payment on the grounds of ill health.

### Top-up member

Your former scheme will have secured benefits for you before the scheme fully wound up. They may have done this by purchasing you an annuity or by transferring the whole of your available funds to another arrangement. Alternatively, they may have paid you all of your available funds as either a winding up lump sum or a trivial lump sum.

### Single payment member

If your scheme didn't pay out all of your available funds as mentioned above, they would have been transferred to the FAS.

Please get in touch with us if you're not sure which of these applies to you.



### Calculating top-up member payments

We start with your expected pension amount. Broadly speaking, this is what you'd built up in your former pension scheme before it began to wind-up and is revalued to your FAS normal retirement age. Under FAS rules, you're entitled to a maximum of 90 per cent of your expected pension, which is then reduced if it's higher than the FAS cap.

Separately, we calculate the annual value of any annuity your former scheme bought for you in your own name.

When we do this, we have to treat the annuity as though it commences at the same time as your FAS annual payment. This means the figures we quote may not match the amount you'll actually be receiving from your annuity, but we make adjustments to provide you with the same overall benefit.

In addition, we have to account for any benefits that were paid out of the scheme on your behalf. We convert these amounts into a notional annuity.

Your annual payment is your 90 per cent of expected pension, less any annuity and notional annuity amounts calculated for you. If the value of your annuity and notional annuity is more than 90 per cent of your expected pension, you won't be entitled to a FAS top-up payment. Even if you're not entitled to FAS payments, it's possible that your survivors would be after you die. Therefore, it's important that you let us know if your contact details change so that we can keep in touch.

As a top-up member you're not eligible for a tax-free cash lump sum from the FAS, but if your scheme bought you an annuity, you may be eligible to receive one from your annuity provider. You should contact them for more details.

Every January, part of your FAS payment may increase, once it starts being paid. In general, FAS payments relating to service after 5 April 1997 will increase each year by the rate of inflation, up to a maximum of 2.5 per cent. Please bear in mind that increases are pro-rata, so when we pay the first annual increase it may not be for the full year, depending on when you retire.

However it's important to be aware that any increase to your annuity will also be taken into account and this may mean that your FAS payment will decrease. This is so you still receive the correct level of payment overall.

### Calculating single payment member payments

You're entitled to the higher of two amounts that we call standard assistance and notional pension.

We calculate your standard assistance as 90 per cent of your expected pension, which is then reduced if higher than the FAS cap. Broadly speaking, your expected pension is, what you'd built up in your former pension scheme before it began to wind up and is revalued to your FAS normal retirement age.

In addition, we have to account for any benefits that were paid out of the scheme on your behalf. We convert these amounts into a notional annuity and deduct it from the 90 per cent of your expected pension.

Your notional pension is based on what your scheme could have afforded to pay you. To work this out, an asset share was calculated for you when your scheme transferred to the FAS.

This is the amount of money allocated to pay your scheme benefits allowing for the scheme's funding position. We convert your asset share into what we call a notional pension, which represents the annual pension amount your asset share could have bought you.



You may be eligible to take some of your FAS entitlement as a tax-free cash lump sum at the date your FAS payments start.



You may be eligible to take some of your FAS entitlement as a tax-free cash lump sum at the date your FAS payments start. To be eligible you must not already have received any pension or tax-free cash lump sum payments from your scheme and your asset share must have a value of more than zero.

If you're eligible to take a tax-free cash lump sum, you'll be able to select this as an option when you reach your FAS normal retirement age. The amount of lump sum you can take is limited by certain FAS and tax rules.

If you take a tax free cash lump sum, your ongoing annual payments will be reduced. However, it's important to be aware that any future payments to your spouse, partner or children when you pass away, will also be based on this reduced amount.

Part of your FAS payment may increase once it starts being paid. The amount of your payment that increases may depend on what your scheme could have afforded. All increasing elements of your payment will go up each year, in January, by the rate of inflation, up to a maximum of 2.5 per cent.

## When and how you get paid

### Normal retirement

Generally, we can start making FAS payments when you reach your FAS normal retirement age (NRA). When approaching your NRA we issue, alongside this booklet, an illustration with details of your assistance. You then need to choose which option best suits you and most members will be able to retire online using our secure member website. Or if this isn't possible, you'll need to let us know your chosen option and we'll process your retirement for you. You don't need to wait until your NRA to retire online. You can go to the member website up to 3 months beforehand and you'll then be able to complete the process, safe in the knowledge that your assistance is set up, ready to start.

Members of the FAS are unable to defer their payments passed their NRA. If your payments start late, they'll need to be backdated to your NRA.

Although we calculate your entitlement as an annual amount, we pay you in monthly instalments, a month in arrears, on the 21st of each month, into your bank or building society account. If this falls on a non-working day, we'll pay on the previous working day instead.

As we pay in arrears, your first payment from the FAS may be smaller.

If your annual assistance is under the amount of £250, you can receive your payments on a quarterly, bi-annual or annual basis instead.

### Early payment for ill health

We can only start your FAS payments early in the following health-related situations:

- ill health
- severe ill health, or
- terminal illness.

Different rules apply to how we support our members in these three situations and to receive early payments you must meet certain criteria in relation to your health and your ability to work.

If you think this applies to you, please take a look at our 'Early payment for ill health' booklet, which you can find on our FAS member website, or give us a call to find out more.

### Payments to your family following your death

When you pass away, your spouse, civil partner or relevant partner may also qualify for FAS payments. 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. We'll always make payments to an eligible spouse or civil partner. A relevant partner will only qualify for FAS payments where your former scheme rules allowed it.



You should nominate a spouse, civil partner or relevant partner to receive assistance 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 assistance in the event of your death. They will however have to provide more evidence to prove their eligibility.

Your children will also be entitled to FAS payments after you die if they're:

- under 18, or
- over 18, but under 23 years old, and
- on a qualifying full-time educational or vocational course or
- unable to work full-time due to a qualifying disability.

To find out how much your spouse, partner or children can receive, and for more information about eligibility, please see our 'Payments for spouses, partners and children' booklet. It's on our member website, or you can get in touch and ask us to send you a copy.



## FAS cap

The total amount of payment you can receive each year is capped at a certain level, although the vast majority of our members aren't affected by this cap. Details of the cap can be found on our member website.

## Your tax

Your payments are regarded as earned income, which means you have to pay tax on them.

HM Revenue and Customs (HMRC) will take into account all taxable income you receive, including your State Pension, other earnings and bank interest before issuing you with a tax code.

We'll produce a P60 for you at the end of each tax year. P60s are available to view, at any time, on our member website. You can also request a copy by post. Your P60 will show the total payments you've received and the amount of tax deducted.

If you have any questions about your tax, please contact HM Revenue and Customs (HMRC) quoting reference 406/JA34863 using the following details:

**Pay As You Earn and Self Assessment**  
**HM Revenue and Customs**  
**BX9 1AS**  
**United Kingdom**  
**Phone: 0300 200 3300**

You can also use HMRC's online service to check your tax codes, including whether there has been a change, your personal allowance and estimates of how much tax you'll pay over the whole tax year.

You can access information about your current tax code here: [www.gov.uk/check-income-tax-current-year](http://www.gov.uk/check-income-tax-current-year) and your previous tax codes here: [www.gov.uk/check-income-tax-last-year](http://www.gov.uk/check-income-tax-last-year). All you'll need to do is create a Government User ID and password. If you don't already have a user ID you can create one when you sign in for the first time.

## FAS payments and state benefits

Receiving FAS payments could affect any state benefits that you may already receive, such as Pension Credit, Jobseeker's Allowance, Income Support and Housing Benefit. If you're receiving FAS payments, you should tell the office that pays your state benefits.



Your payments are regarded as earned income, which means you have to pay tax on them.



Receiving FAS payments won't affect your occupational pension from other schemes, your personal pension or your State Pension.

If you have any concerns or questions about this, please get in touch with us.

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

Between 6 April 2006 and 5 April 2023, people were only allowed a maximum amount of pension benefits throughout their lifetime without triggering a tax charge. This amount was called the Lifetime Allowance (LTA).

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. However, from 6 April 2024, the LTA will be replaced with two new allowances, the Lump Sum Allowance and the Lump Sum and Death Benefit Allowance.

These allowances apply when certain tax-free lump sum benefits are taken.

### The Lump Sum Allowance

The Lump Sum Allowance limits the amount of tax-free lump sum that an individual can take across all of their pension arrangements. The allowance is currently £268,275.00.

Any amount of pension commencement lump sum or any untaxed amount of lump sum(s) paid from a money purchase arrangement (known as uncrystallised funds pension lump sums or UFPLS), paid since 6 April 2024, is deducted from this allowance.

Benefits taken before 6 April 2024 are also taken into account. Where an individual hasn't used all of their LTA, this is typically done by deducting 25 per cent of the value of the total benefits taken prior to 6 April 2024, or by deducting the amount stated in an individual's transitional tax-free amount certificate, where available.

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

### 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.

The above 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.

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

### HMRC benefit 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 Allowance (or your benefits are subject to HMRC protections), we recommend that you seek advice from an independent financial advisor.



It's important that the information we hold about you is accurate and up-to-date. This will help us make sure you receive the right payments, at the right time.



### Changing circumstances

It's important that the information we hold about you is accurate and up-to-date. This will help us make sure you receive the right payments, at the right time.

So, please let us know straight away if any of your personal circumstances change, such as if you nominate someone who can act on your behalf.

You should let us know if you:

- get married or enter into a civil partnership
- change your name
- get divorced or apply to dissolve a civil partnership
- change address, including moving abroad
- change your bank details, or
- want to nominate a beneficiary to receive your FAS payment when you die, or want to cancel a nomination.

You can make these changes and upload your documents on our FAS member website [ppf.co.uk/fasmembers](http://ppf.co.uk/fasmembers).

## 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/fasmembers](http://www.ppf.co.uk/fasmembers).
- 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 RelayUK 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 RelayUK 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/fasmembers](http://www.ppf.co.uk/fasmembers)) is available to all of our members and can make it easier for you to access information, such as viewing our correspondence on screen and 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 bottom of this letter. 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.

### **Protecting your data**

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

We process your personal data correctly and lawfully, to enable assistance 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/fasmembers](http://www.ppf.co.uk/fasmembers) 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 FAS 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.



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.



# Glossary

## Annual payment

The annual amount that you're eligible to receive from the FAS. It will be paid to you in monthly instalments.

## Annuity

A product typically bought from an insurance company which entitles a top-up member to receive a regular income for life and, potentially, an income for their survivor after their death.

## Asset share

The amount of money calculated and allocated by your former pension scheme to pay your scheme benefits, allowing for the scheme's funding position.

## Defined benefit

A pension scheme where scheme members are promised a set amount of benefit, for example where benefits are worked out in line with their length of service and salary.

## Expected pension

The amount of pension you built up in your pension scheme before it started to wind up, which is used by the FAS to work out how much you're entitled to receive from us.

## FAS cap

The amount, set by the Government and recalculated every year, at which annual payments are capped or limited. The vast majority of members aren't affected by this cap.

A higher cap may apply to members who paid into their pension scheme for 21 years or more.

Details of the FAS cap can be found on our member website.

## FAS normal retirement age

The age specified in the scheme rules in force when you stopped accruing pension, as the age at which the member will normally retire. This is subject to a lower limit of age 60 and an upper limit of 65.

## Notional annuity

An estimate of the yearly pension you would have received in return for any benefits your former scheme paid out on your behalf before the scheme had fully wound up. Examples of these types of payment include a:

- tax-free cash lump sum
- transfer payment to another pension scheme
- payment to the government to increase your state benefits
- trivial commutation lump sum, or
- winding up lump sum.

### **Notional pension**

Our calculation of the annual amount your former scheme could have afforded to pay you, based on your asset share.

### **Revaluation**

Increases which aim to give some protection against inflation, normally up to your FAS normal retirement age.

### **Pension Protection Fund**

The Pension Protection (PPF) Fund began on 6 April 2005. It was set up to compensate members of eligible defined benefit pension schemes whose employers became insolvent and there weren't enough funds in the pension scheme to pay members' benefits.

### **Standard assistance**

Our calculation of 90 per cent of your expected pension, reduced if higher than the FAS cap and minus any notional annuities.

### **Tax-free cash lump sum**

In common with most pension schemes, the FAS will allow certain members to choose to receive a tax-free cash lump sum – sometimes known as a Pension Commencement Lump Sum or PCLS – on retirement in exchange for a lower annual pension. The amount of lump sum these members can take is limited by certain FAS and tax rules.

### **Wind up (winding up or wound up)**

Wind-up is the term normally used to describe the process by which a pension scheme comes to an end.



Manager of the Financial Assistance Scheme

## Contact us

FAS Member Services Team  
FAS Member Services  
Financial Assistance Scheme  
PO Box 287  
Wymondham NR18 8EZ

## Telephone

0330 678 0000 (Monday to Friday,  
09.00 to 17.30)

## Overseas Members

+44 (0)208 406 2121

## Email

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

## FAS Member website

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

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.