

# First Briefing, October 2018

## PPF Levy 2019/20 Consultation

### Introduction

The PPF have recently published for consultation their draft rules for determining the PPF levy for 2019/20. This briefing looks at the key points.

Last year the PPF set out the rules that were expected to apply for the following three years. One year on, the PPF have confirmed that despite a record year of claims for the PPF (with more in the pipeline), they have no reason to amend the levy parameters at this point.

Overall, the PPF are now planning to collect £500m in 2019/20, £50m less than expected to be collected in 2018/19. However, individual schemes may still see an increase in their next levy invoice and the PPF encourage trustees and employers to ensure the information held on the Experian portal is correct.

### Contingent assets

There are some important changes in relation to contingent assets, either in the form of a parent company guarantee or a security over assets which have been put in place before January 2018.

Contingent Asset	Guaranteed amount includes a fixed cap	Guaranteed amount includes a floating cap
Type A: Parent or Group Company guarantee	Agreement must be on post January 2018 Forms. Earlier agreements must be re-executed by March 2019, otherwise the contingent asset will not be taken into account for 2019/20 levy.	No action necessary. Could choose to re-execute on new forms.
Type B: Charge over assets		

The PPF recognise that contingent assets may be used by trustees and employers to support funding plans, and not just in the event of insolvency. The new forms therefore allow for a separate cap to be defined for pre-insolvency events and provide some flexibility on how this is expressed. The post-insolvency cap will be used by the PPF in their levy calculations.

The PPF are proposing that where agreements need to be re-executed, they will require the same documents and certification requirements as would apply for a brand new contingent asset agreement.

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This is the first time the PPF have required existing contingent asset agreements to be re-executed on new forms. The PPF recognise this will require effort by both schemes and guarantors and have made efforts to contact affected schemes to warn them to take action.

### Key Deadlines

Experian Score measurement date	Month end from April 2018 to March 2019 inclusive  Eligible data submitted to Experian will be used for scoring purposes in the following calendar month
Submit scheme returns on Exchange	Midnight 31 March 2019
Certification of contingent assets (re-execution of contingent assets)	Hard copies – 5pm, 29 March 2019 Online – midnight 31 March 2019
Certification of Asset Backed Contributions	E-mailed to the PPF by midnight 31 March 2019
Experian certificates (mortgage exclusion, FRS101/102, employee information)	E-mailed to Experian by midnight 31 March 2019
Deficit Reduction Contribution certificates	5pm, 30 April 2019
Application for exempt transfer	5pm, 30 April 2019
Block transfer certificate	5pm, 28 June 2019

### Further information

As well as providing further details on the PPF's proposals, First Actuarial can provide an estimate of your 2019/20 levy, or help you to explore the levy mitigation actions available to you.

Please contact your usual First Actuarial contact if you have any queries.

