

Charities Consortium February 2007

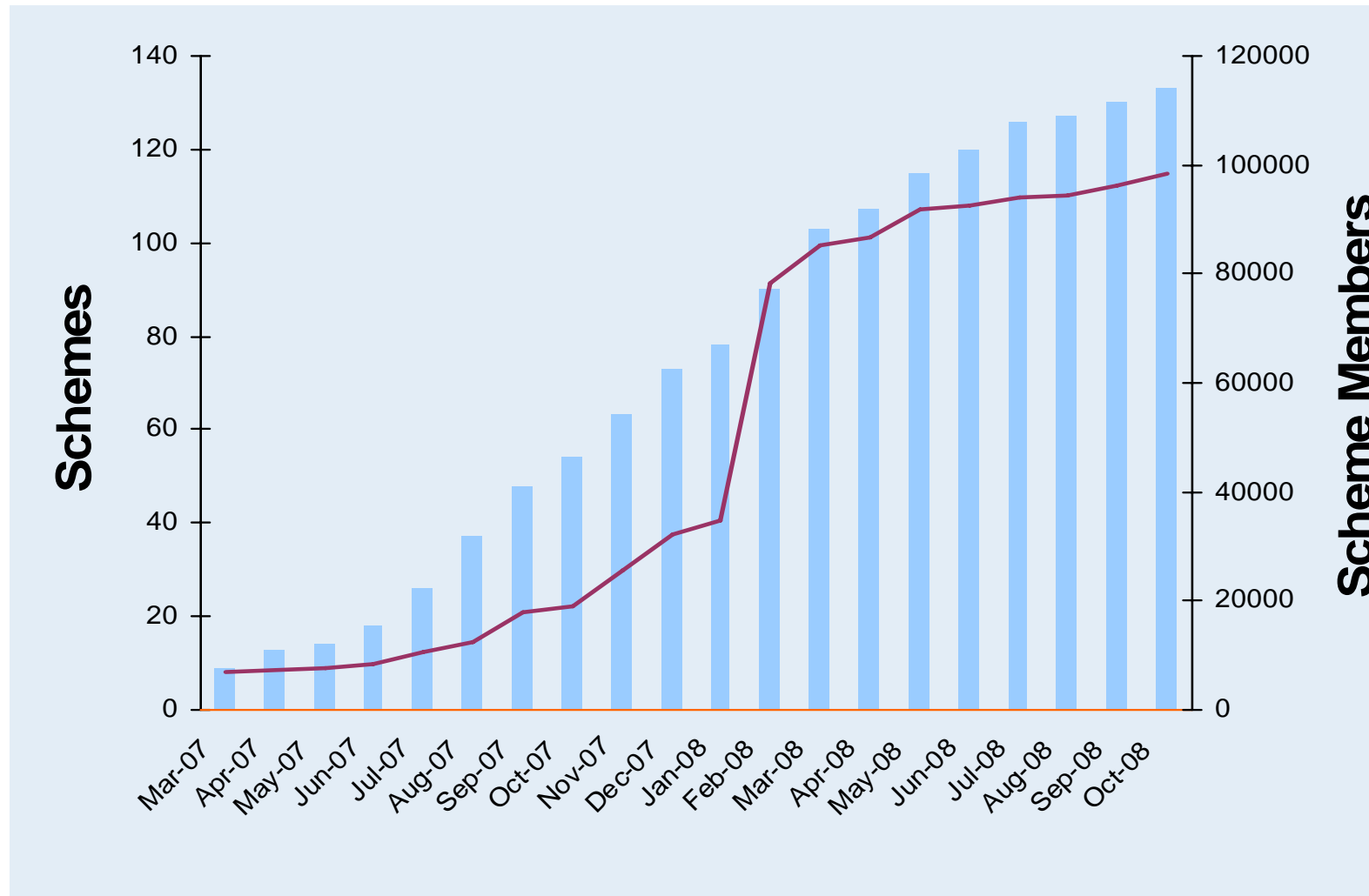
Partha Dasgupta – Chief Executive

www.pensionprotectionfund.org.uk

- **Maturity**
 - 2005/06 Prototype
 - 2006/07 Design
 - 2007/08 Production
- **Shift in Focus**
 - Business to individual
 - Levy to investments
 - Cost to benefit

Schemes entering compensation or withdrawing (planned)

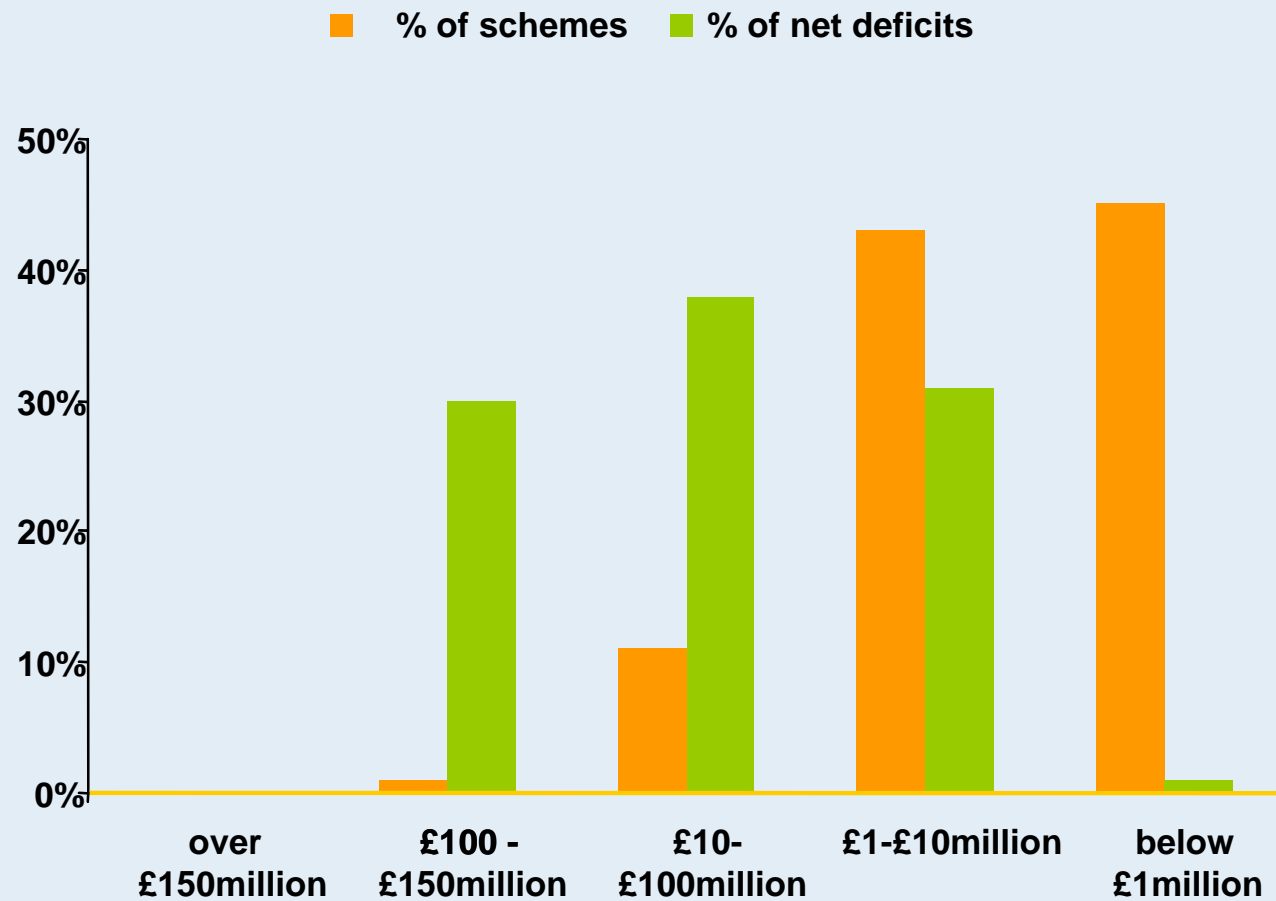
Pension
Protection
Fund



- Working with trustees to assist smooth transfer through assessment
- 30,000 pensioners receiving benefits at PPF levels
- Collected and invested first year's levy
- Developed long term investment strategy
- Leveraging market solutions and innovation where appropriate
- Incentivising risk reduction

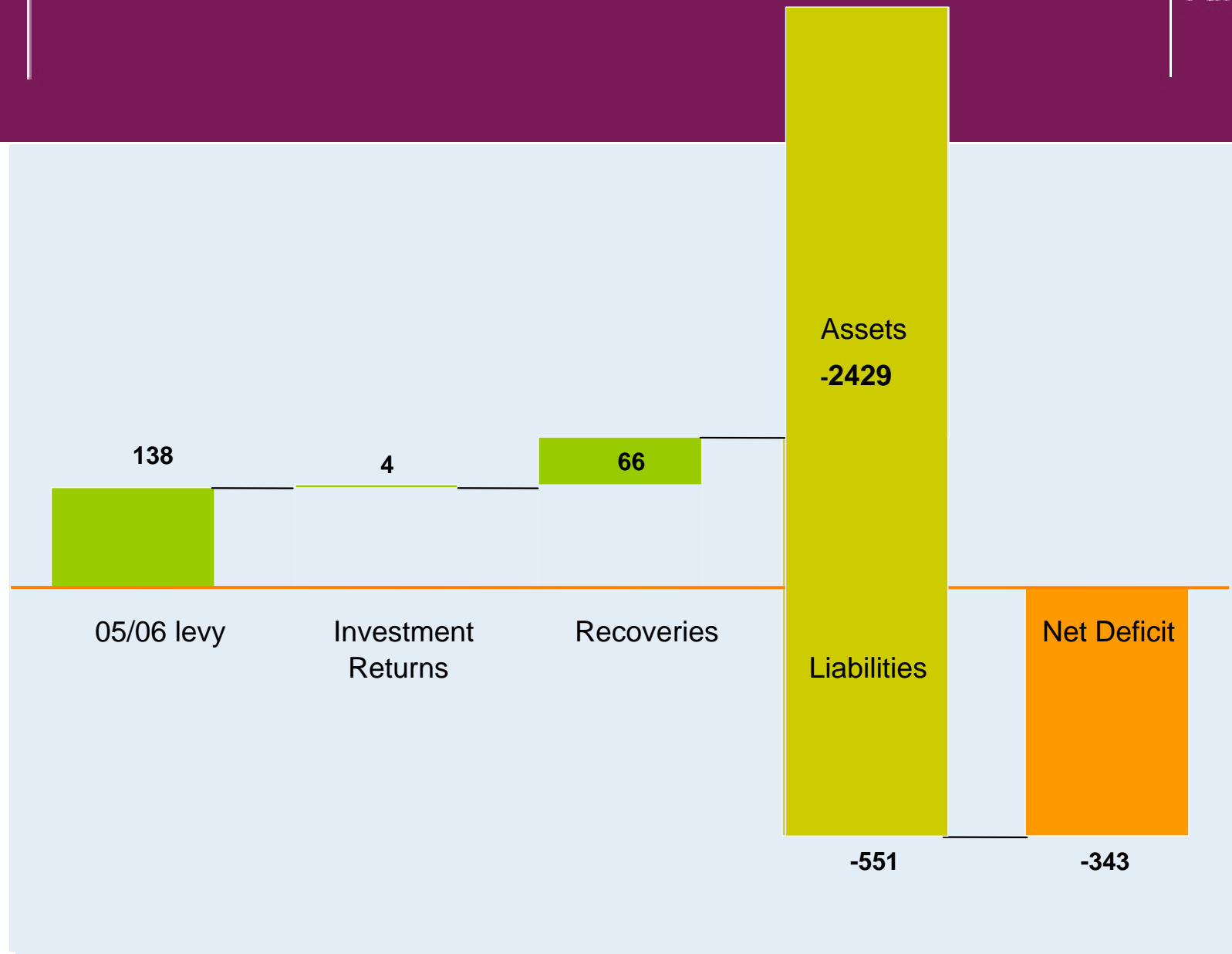
Net claims profile (at end of 2005/06)

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Financial results 2005/06 (£m)

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- **Two consultations published in December 2006**
 - Investment risk as a risk factor in the calculation of the risk based levy
 - Draft levy determination for 2007/08
- **Investment Risk Consultation**
 - Investment risk is a factor that the Board can consider when setting the levy
 - Majority of scheme investment strategies broadly similar
 - Given relative impacts of risk only 3% of levy would be reallocated
 - Cost to pension schemes of introducing this approach would be £8m
 - Board therefore not minded to include this factor but consulted on issue and will monitor trends
 - Consultation responses agreed with this approach

- **Draft Levy Determination: Estimate of £675m for 2007/08**
- **Changes to the risk based levy**
 - revised approach to CCJs in respect of failure scores
 - revised standard documentation on contingent assets
 - some changes to guidance on section 179 valuations
 - scheme underfunding to be calculated as at 31 October 2006
- **A proportionate approach to risk**
 - Schemes that are more than 125% funded at PPF levels exempt from risk based levy
 - Cap for weakest 5% of schemes
- **Consultation responses currently being considered**