



## **Underfunded Schemes in Discontinuance**

The Main Aim of this Unit is:

The aim of this Unit is to provide occupational scheme administrators with an overview of the Pensions Protection Fund (PPF) including the history of the PPF and how a scheme meets, the Qualifying conditions for becoming eligible for entry into the PPF. The unit also includes the procedures involved for a scheme going through the PPF Assessment period and outlines the benefits a member may get from the PPF. The unit also provides a brief overview of the Financial Assistance Scheme.

The learner will need to know and understand:

### **The Background to the PPF**

- History of the PPF
- The Qualifying Conditions for the PPF to assume responsibility for schemes
- Which schemes could be eligible for entry into the PPF
- Explain the term a Qualifying Insolvency Event

### **What happens when a scheme enters the PPF Assessment period**

- What the Section 120 notice is
- What happens in the PPF Assessment period
- The roles of the trustees, Insolvency practitioners and independent trustees
- Notifying Members
- Restrictions on the scheme whilst in the Assessment period
- Reviewing the advisers and scheme administrators currently in place, and reviewing investment strategy of the scheme
- Overview the role of the Specialist Administration Services Panel (SASP)

### **The scheme administrators role in the Assessment Period**

- Obtaining Scheme Data
- Checking and compiling Admissible Rules so the scheme basis is correct
- The PPF Compensation Levels for all scheme members including pensioners whose pensions are in payment.
- Revaluing Deferred Members Benefits
- The Section 75 Debt on the Employer
- Data Cleansing
- Tracing members and the various tracing routes available
- GMP Reconciliations
- Dealing with Interim Claims and the Section 138 “lower of” test.
- Discharging of non-PPF Benefits

### **The Final stages of the Assessment Period and the PPF’s decision on the scheme**

- The Section 143 Valuation and it’s role in the Assessment Period
- The PPF Assesses the Scheme to see if suitable for the PPF
- The transfer to the PPF and the winding up of the scheme
- The end of the Assessment period

### **Overview of the Financial Assistance Scheme**

- Brief history of the FAS
- What are the qualifying conditions for a scheme to be eligible
- What are the current levels of benefits available

### **The Learning Outcomes for this unit:**

On successful completion of this unit learners will:

1. Know the background to the Pension Protection Fund (PPF) and be able to identify the Qualifying conditions for the PPF to assume responsibility of the scheme and the type of scheme that is eligible to enter the Pension Protection Fund
2. Know the process to be undertaken when a scheme enters the Assessment period and be able to:
  - a) Identify the importance of the Section 120 Notice.
  - b) Identify the main levels of compensation payable by the PPF
  - c) Identify the cut off date for Insolvency Events to qualify for the PPF
3. Know the scheme administrator’s role whilst preparing the scheme for entry into the PPF and the process to ensure the members’ data is accurate.

4. Understand the role the Section 143 Valuation process plays whilst a scheme is in the PPF Assessment period.
5. Identify when a scheme would be eligible to enter the Financial Assistance Scheme
6. Identify the current levels of benefits payable in the Financial Assistance Scheme

### **Assessment Method**

Assessment is via examination compiled, carried out and marked in-house (PMI recognised centre). Assessment is to cover all learning outcomes in order to pass the unit.