

Knollys House, 17 Addiscombe Road, Croydon, Surrey CR0 6SR
 T 0845 600 2541 E levyinvoice@ppf.gsi.gov.uk
www.pensionprotectionfund.org.uk

EXAMPLE 3

Trustees of:	
The XYZ Pension Scheme	Invoice Number: 12345678-09-01
Address line 1	Invoice Date: 26/09/2008
Address line 2	PSR: 12345678
Address line 3	Terms: Immediate
Address line 4	
Postcode	

Pension Protection Levy Invoice for 2008/09	Amount
Scheme-based Levy	£13,200
Risk-based Levy	£7,842
Total	£21,042

THIS INVOICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are not the person responsible for paying invoices on behalf of the above pension scheme, please pass it on to the correct person **immediately**.

If you have a query on this invoice, please telephone or email using the appropriate contact details, quoting Invoice Number and Scheme Name, within 28 days of the date of invoice, that is, by **24/10/2008**. If you do not raise a query within this time frame, you may lose the right to do so.

Please pay no later than **24/10/2008**.

Please send your payment by BACS/CHAPS/Internet banking to:

Bank Name: xxxxxxxxxxxxxxxx Sort Code: xx-xx-xx
 Account Name: xxxxxxxxxxxxxxxxxxxxxxxx Account No.: xxxxxxxx

Please forward remittance advice to: creditcontrol@ppf.gsi.gov.uk

If you are unable to pay electronically, please make cheques payable to: PPF Levy Collection Account quoting your Invoice number and forward to the PPF postal address at the top of this invoice.

Pension Protection Levy

Under section 175 of the Pensions Act 2004, the Board of the Pension Protection Fund (the PPF) is required to raise a pension protection levy. This invoice is formal notification of the Board's decision of the amount of pension protection levy payable by the scheme referred to on the face of the invoice.

Under section 181 of the Pensions Act 2004, the trustees of the scheme are required to pay this amount to the Board, and the Board intends that the invoice and the supporting documentation issued with it will enable levy payers to meet their statutory obligations to pay this invoice immediately.

Querying this invoice

If the trustees wish to query the amount of pension protection levy payable by the scheme, they must raise their query within 28 days of the date of this invoice by contacting the PPF or our insolvency risk provider, Dun & Bradstreet (D&B), depending on what part of the invoice is being queried.

Queries regarding any part of the invoice, **with the exception of DUNS numbers and/or probabilities of insolvency**, should be raised with the PPF's Stakeholder Support Team using the contact details on the front page of this invoice.

Queries regarding DUNS numbers and/or probabilities of insolvency should be raised with D&B using the following contact details:

Telephone: 0870 850 6209
E-mail: customerhelp@dnb.com (please quote – 'PPF-related query')

Address: D&B Customer Services, 126-150 Washway Road, Sale,
Manchester, M33 6RJ

Further details, including the more formal review process for invoices, can be found in the enclosed booklet and on the PPF's website.

Updating your data

Should your scheme's circumstances change, you should update the Pensions Regulator's *Exchange* system with any new information when this happens. This will save you time when it comes to submitting your next scheme return and help to ensure that all relevant data is updated for future levy calculations. The information stored in *Exchange* at 5 p.m. on 31 March 2009 will be used in the 2010/11 levy calculation. Such changes will not be taken into account for the 2008/09 and 2009/10 levy calculations, which will both be based on the information stored in *Exchange* at midnight on 31 March 2008.

Levy collection policy

If no query is raised with the Board within 28 days and payment is not received, the Board will begin debt collection activities. The Board will carry out these debt collection activities rigorously, in ways that are compliant with applicable legislation, and in ways that are consistent with its responsibilities to stakeholders.

Your Levy Invoice Explained

The calculation of the scheme-based levy and the risk-based levy shown on this invoice is based on the following data and calculations in respect of the scheme.

Please see the enclosed booklet "A Guide to the Pension Protection Levy 2008/09" ("the levy booklet") for further information on the calculation of the pension protection levy. The comprehensive rules for this calculation are set out in the Board's determination under Section 175(5) of the Pensions Act 2004 for the 2008/09 levy year (the "Determination") published on the PPF website.

DATA USED IN THE LEVY CALCULATION

Pension Protection Fund Levy Parameters (as set out in Part 5 of the Schedule to the Determination)

For the Scheme-based Levy:

Multiplier (**h**): **0.000165**

For the Risk-based Levy:

Scaling factor (**c**): **3.77**

Proportion of pension protection levies to be risk-based (**R**): **0.8**

Scheme Assets (see page 8 of the levy booklet)

Scheme assets as at 1 February 2007 = £83,000,000.00

S (estimated scheme assets as at 31 October 2007) = **£90,000,000.00¹**

Scheme Liabilities (see page 8 of the levy booklet)

Liabilities on a section 179 basis as at 1 February 2007 = £65,000,000.00

L (estimated section 179 liabilities as at 31 October 2007) = **£80,000,000.00¹**

Data in respect of the scheme's participating employer² (see pages 10 – 11 of the levy booklet)

Participating employer	DUNs Number	D&B Failure Score (or local equivalent (if appropriate)) ³	Insolvency Probability (PP)	No. of members
Employer A	123456789	60	0.006500	500

P (insolvency probability) = 0.006500

Deficit Reduction Contributions (see page 9 of the levy booklet)

C (Deficit Reduction Contributions) = £14,000,000.00

Calculation of total assets

The total assets, **A**, are calculated as the sum of:

- S** The value of the rolled-forward scheme assets
- C** The amount of Deficit Reduction Contributions

That is,

$$\begin{aligned} \mathbf{A} \text{ (Total Assets)} &= \mathbf{S} + \mathbf{C} \\ &= \text{£}90,000,000.00 + \text{£}14,000,000.00 \\ &= \text{£}104,000,000.00 \end{aligned}$$

CALCULATION OF THE SCHEME-BASED LEVY

(see page 8 of the levy booklet)

$$\begin{aligned}\text{Scheme-based levy} &= L \times h \\ &= \text{£}80,000,000.00 \times 0.000165 \\ &= \text{£}13,200 \text{ rounded to the nearest pound}\end{aligned}$$

CALCULATION OF THE RISK-BASED LEVY

Underfunding calculation based on assets and liabilities

(see pages 9 – 10 of the levy booklet)

$$\begin{aligned}\text{Funding level} &= A / L \\ &= \text{£}104,000,000.00 / \text{£}80,000,000.00 \\ &= 130.00\%\end{aligned}$$

Hence,

$$\begin{aligned}\text{Underfunding (U)} &= 0.005 \times L \\ &= 0.005 \times \text{£}80,000,000.00 \\ &= \text{£}400,000.00\end{aligned}$$

Risk-based levy calculation (see pages 8 – 9 of the levy booklet)

$$\begin{aligned}\text{Risk-based levy} &= U \times P \times R \times c \\ &= \text{£}400,000.00 \times 0.006500 \times 0.80 \times 3.77 \\ &= \text{£}7,842 \text{ rounded to the nearest pound}\end{aligned}$$

ENDNOTES

¹ The figure has been derived using the Board's methodology for transforming section 179 valuation results to a section 179 basis as at 31 October 2007. The methodology is available on the Pension Protection Fund website and forms Appendix 1 to the Determination. The application of the relevant methodology has been verified by the PPF Actuarial Team and independently reviewed by the Government Actuary's Department.

² If you wish to query any DUNS numbers or insolvency probabilities in this table, please follow the D&B appeals procedure set out on the PPF website and in the enclosed booklet, using the contact details set out on the second page of this invoice.

³ Amended where appropriate in accordance with paragraph 32 of the Schedule to the Determination.
