

Professional Pensions

 [Click here to print this page](#)

PPF admits deficit could increase as economic downturn takes hold

THE Pension Protection Fund deficit could increase as more firms become insolvent, the lifeboat fund admitted today.

The PPF's annual report revealed it had reduced its deficit from £609m to £517m in the 2007/08 financial year – and noted its funding position had increased from 88pc to 91pc.

But PPF chairman Lawrence Churchill warned this could increase as the economic downturn bites and more firms become insolvent.

He said: "The reduction in our deficit was a satisfactory result given the problems that have affected the capital and credit markets during the year.

"However, it is likely that we will see an increase in the number of insolvencies as the downturn bites and with markets at current levels, associated deficits in schemes entering the assessment period may be higher than we have seen to date.

"But, whatever challenges we may face in the future, our ambition is to make sure the PPF remains a respected and established institution which adheres to our main principles of simplicity, fairness and proportionality."

The annual report also revealed the PPF had seen total assets under management increase past £1bn during the year.

And it said that, by the end of April 2008, more than 3600 people were receiving PPF compensation and it had paid out a total of more than £17m.

The report said the PPF had collected £361m and expected to collect a total of £575m in respect of the 2007/08 levy by the end of March 2008.

It said 65 schemes completed assessment by the end of the financial year; 38 schemes were transferred during the year, representing a total of 12,194 members; and 187 schemes were in the PPF assessment period, representing almost 120,000 members.

PPF chief executive Partha Dasgupta added: "Our third year of operations was an exciting one.

"Most importantly, we shepherded thousands of scheme members through our assessment period, providing them with the comfort and knowledge that their compensation each month comes from a stable, trusted and secure source.

"We also collected a levy which was significantly closer to our estimate than the previous year. We will be continuing our consultation on the long-term development of the pension protection levy, building on the work we carried out during 2007/08, and we welcome industry views about how to take forward our proposals."

© Incisive Media Ltd. 2008

Incisive Media Limited, Haymarket House, 28-29 Haymarket, London SW1Y 4RX, is a company registered in the United Kingdom with company registration number 04038503