

The logo for the Pension Protection Fund, featuring a white curved line above the text.

Pension  
Protection  
Fund

# When you retire

A small, partially visible inset image in the bottom left corner showing a train.

Protecting people's  
futures

## Register on our member website

We've developed a secure website for the exclusive use of our members.

Please register as soon as you can because the website gives you the freedom to access and manage information about your benefits, and make informed decisions, at a time that best suits you.

Once you've set up an account, you can do lots of things online.



If you haven't started taking your compensation payments, you can use the website to plan your retirement by seeing how much you could receive.



You may also be able to retire online, using our Quote and Retire service, which means less paperwork for you to complete.



Once retired, you can also view your payslips and P60s online. You can also use the website to update your contact and personal details, at any time.

To register, please go to the website at [www.ppf.co.uk/members](http://www.ppf.co.uk/members) and follow the simple registration instructions. It should only take a few minutes.

If you have any questions or concerns about anything included in this booklet, please visit our member website or contact us. Contact details are at the back of this booklet.

# Introduction

When you retire, you have important choices to make. It's vital that you understand the options open to you so that you can make the best decision for your future.

This booklet is designed to explain those options so that you can be confident that, when making a decision about your payments, it's the right one.



# Your retirement options

If you're about to retire, you'll generally receive, alongside this booklet, an illustration with your retirement options. You then need to choose which option best suits you and retire online using our secure member website. Or if this isn't possible, you'll need to let us know your chosen option and we'll process your retirement for you. You can also retire in advance. If you know you'd like to retire in the next three months, go to the member website. You'll then be able to select your retirement date and complete the process, safe in the knowledge that your PPF payments will start exactly when you want them to.

Remember that the figures shown will be an illustration only and your actual payments will be calculated when you've made your choice from the options available.

We'll have based the illustration on any information you and your former scheme have given us. If any of the information is wrong, please get in touch with us.

Please note that all payments must be paid directly into an account in your name. We pay on the first of the month. If this falls on a non-working day, we'll pay on the previous working day instead. If your annual compensation is under £250, you can receive your payments on a quarterly, bi-annual or annual basis instead.

## **Normal retirement**

You can retire when you reach your normal pension age.

We'll contact you with details of your retirement options closer to your normal pension age, but you can also check your options yourself, using our benefit modeller tool on our member website. Your normal pension age will be based on the rules of your former scheme.

You'll receive compensation payments from the PPF. For more information about how compensation is calculated, please visit our member website.

## **What happens when compensation is paid at different times?**

Parts of your compensation may be payable at different times. For example, you may have one part of your compensation which is payable when you're 60 years old, and another part which is payable when you reach 65 years old.



If your payments are due at different times, there are some options available to you.

- Using the example above, you can take the payments due when you reach the age of 60 and leave the rest until it becomes due.
- When you reach the age of 60, you can put off receiving your payments until you're 65 years old – so you can receive all your payments at one time.
- You can take your later payments early and start receiving them at the age of 60, although the payments will reduce because you're being paid before your normal pension age and therefore over a longer period. An early retirement factor will be applied to your payments to account for this.
- You can put off receiving all of your payments until a later date, up until the age of 75. A late retirement factor will be applied to your payments to account for this.
- After age 75 we no longer apply a late retirement factor. You'll receive arrears instead. Retiring after age 75 may affect your eligibility for a tax-free lump sum.

- But you cannot put off receiving any payments beyond their due date if you're already receiving payments from us. By this we mean that if you're already receiving payments which were due at the age of 60, you cannot delay receiving those payments due at the age of 65.

We usually look at how we calculate PPF benefits at least once a year to make sure we consider any changes in financial conditions. These include tax-free cash lump sums (if applicable) and early or late retirement. This means, what you're entitled to receive can go up or down, depending on when you choose to start your payments. Any changes normally take effect from 1 October and are reflected in any quotes issued from 1 July, for retirements on or after 1 October. However, if financial conditions change substantially, changes may be made at other times of year. This means that any figures we quote more than three months in advance, could go up or down between now and your retirement.

Please call us if you have any further questions or want to discuss an option not set out in the illustration.

## Early retirement

You may be able to receive your compensation earlier than your normal pension age.

You have to be 55 years old or over to do this. There are only two reasons why you could take your compensation earlier than your 55th birthday. Firstly, you may have a right to take your pension from age 50 depending on the rules of your former pension scheme (known as 'protected' pension age). Or, if you have a serious, life-limiting medical condition, you could be eligible to take a Terminal Ill Health lump sum at any age.

Please be aware that the Normal Minimum Pension Age, as set out in legislation, is expected to increase from 55 to 57, with effect from 6 April 2028.

Depending on how old you are now, this may have an impact on the age that you can retire early from the PPF.

If you want to receive your compensation early, you should contact us for an early retirement illustration, or visit our member website.

Because you'll be receiving your payments early, the amount you'll receive will be lower than what you would've received at your normal pension age, as it's being paid over a longer period.

## Deferring your payments to a later date

You might want to start receiving your payments later than your normal pension age.



You can put off receiving payments up until the age of 75. You just need to let us know as soon as you can when you think you'd like to start receiving your payments (but please note that special rules apply if you have benefits payable from different ages – see the previous page). You can also choose to defer your payments, and make updates to your deferment, using our member website.

After you reach your normal pension age your benefits will no longer increase by inflation. Instead, a late retirement factor will be applied to your payments.

If you change your mind about deferring your payments and want to take your payments earlier or later than planned, please contact us and we'll provide you with a revised illustration based on the new payment date. Alternatively, you can visit our member website.

### **Making the right choice**

To help you make the right choice, we've explained some of the options available and the terms used to describe them:

#### **Tax-free lump sum option**

Your illustration will tell you what compensation you'll receive if you decide to give up some of your payments to receive a tax-free lump sum.

The figures in the illustration will be based on the maximum lump sum that you can receive.

You can choose whether or not you want to take the lump sum.

If you take the lump sum, you can choose an amount that is less than the maximum possible. For example, if your maximum lump sum is £50,000, you can ask for a lower lump sum of, for instance, £20,000.

We'll then calculate a new figure for your monthly payments based on the lump sum you've asked for.

You can also use our benefit modeller on our member website, which will allow you to explore your options yourself.

Your lump sum is payable on your retirement date. If this falls on a non-working day, it will be payable the following working day. As we make these payments by BACS, please allow 3 to 5 working days from the date the lump sum is paid, for the money to reach your account. Your compensation payment will generally reach your account by the first working day of the month.

#### **Recycling lump sums**

Recycling is the term used by the pensions industry for people who use some or all of their tax-free lump sum to make contributions to a different registered pension scheme.

Special tax rules apply to this practice. So, if you plan to use your compensation lump sum to buy additional pension benefits in a separate pension scheme, you need to declare it as you may incur a tax charge.

Further details can be found on HM Revenue and Customs (HMRC) website [www.hmrc.gov.uk](http://www.hmrc.gov.uk).

## Trivial commutation

This term simply means taking all the payments that you're due as a one-off payment rather than taking it in monthly instalments.

If you want to take advantage of this option:

- you must be between 55 (or earlier 'protected' pension age of at least 50) and 75 years old
- your benefits due from all pension schemes plus your PPF compensation must not be above a certain limit, and
- if you've already used this option with another pension scheme, you must take your PPF compensation within 12 months of that earlier payment.

If we think you may be eligible for this option, we'll include it on the retirement illustration we send you.

Trivial commutation lump sums are taxable and so are paid through our monthly payroll. 25 per cent of the payment is tax-free and the rest is taxed at the basic rate. This means that lump sums are paid on the first of the month, after the retirement date.

## Annual increases

In most cases, your payments relating to pensionable service from 6 April 1997 will then rise in line with inflation each year, subject to a maximum of 2.5 per cent a year. Payments relating to pensionable service before that date won't increase.

Following the government's announcement in November 2025, the increases we pay on pre-97

compensation payments are in the process of changing. Broadly, members whose original schemes provided for inflationary increases on pre-97 pension benefits will become eligible for yearly increases. For the latest information, please check our website [www.ppf.co.uk](http://www.ppf.co.uk).

Sometimes there won't be a rise in inflation and so your payments won't increase. Sometimes inflation will fall but, if it does, your payments won't be reduced.

Please bear in mind that increases are pro rata, so when we pay the first annual increase it may not be for the full year, depending on when you retire.

## Lifetime Allowance and the new Lump Sum Allowances

Between 6 April 2006 and 5 April 2023, people were only allowed a maximum amount of pension benefits throughout their lifetime without triggering a tax charge. This amount was called the Lifetime Allowance (LTA).

As part of the Government's plan to remove the LTA, from 6 April 2023 to 5 April 2024 the tax charges that applied to pension benefits in excess of the LTA were removed. The tax charge was known as the LTA charge. From 6 April 2024, the LTA was replaced with two new allowances, the Lump Sum Allowance (LSA) and the Lump Sum and Death Benefit Allowance (LSDBA).

These allowances apply when certain tax-free lump sum benefits are taken. If a lump sum is paid causing either of these allowances to be exceeded, then the excess will be subject to income tax.

## The Lump Sum Allowance

The Lump Sum Allowance (LSA) is the limit on the total amount of lump sums that may be paid to an individual during their lifetime before income tax applies at their marginal rate. The current standard limit is £268,275.00 but may be higher if you have a former Lifetime Allowance (LTA) protection.

The value of any benefits paid as a tax-free cash lump sum from 6 April 2024 are deducted from the LSA.

This may include:

- (i) a Pension Commencement Lump Sum (PCLS); and
- (ii) the tax-free element of an Uncrystallised Funds Pension Lump Sum paid
- (iii) the prescribed amount of any standalone lump sums from a money purchase arrangement.

Benefits taken before 6 April 2024 are also taken into account. Where an individual hasn't used all of their LTA, this is typically done by deducting 25 per cent of the value of the total benefits taken prior to 6 April 2024, or by deducting the amount stated in an individual's transitional tax-free amount certificate, where available.

For more information, please visit the HMRC website [www.hmrc.gov.uk](http://www.hmrc.gov.uk).

## The Lump Sum and Death Benefit Allowance

The Lump Sum and Death Benefit Allowance (LSDBA) is the limit on the total amount of lump sums and lump sum death benefits that may be paid in respect of an individual before they or their beneficiaries are required to pay income tax on the excess.

Note that in some circumstances income tax may still be payable on the whole of the lump sum even where the LSDBA is available. The current LSDBA standard limit is £1,073,100.00 but may be higher if you have a former Lifetime Allowance (LTA) protection.

To work out how much is available in respect of an individual, you'd deduct any of the following types of payment made since 6 April 2024 from the allowance:

- (i) the amount of any pension commencement lump sum; and
- (ii) the untaxed amount of:
  - a. uncrystallised funds pension lump sum(s) or UFPLS paid from a money purchase arrangement;
  - b. any serious ill-health lump sum;
  - c. lump sum death benefit
  - d. the prescribed amount of any standalone lump sum.

These may be subject to certain exceptions depending on your circumstances. Benefits taken before 6 April 2024 are also taken into account.

The amount deducted from the allowance in respect of benefits taken before 6 April 2024 may vary depending on a number of factors, including whether the individual had exceeded their LTA, or whether a serious ill-health lump sum, or death benefits lump sum, has been paid before that date.

For more information, please visit the HMRC website [www.hmrc.gov.uk](http://www.hmrc.gov.uk).

## HMRC benefit protections

Some people may have a form of protection for their benefits, under HMRC rules, such as LTA protections. If this applies to you, please let us know as soon as possible as this may affect the value of your available Lump Sum Allowance or Lump Sum Death Benefit Allowance. If you think you may be affected by the Lump Sum Allowance or Lump Sum Death Benefit Allowance (or your benefits are subject to HMRC protections), you may wish to seek advice or guidance from an independent financial advisor.

## Tax

Your payments are regarded as earned income which means you have to pay tax on them.

HMRC will take into account all taxable income you receive, including your state pension, other earnings, bank interest and so on and issue a relevant tax code.

We'll produce a P60 for you at the end of each tax year. P60s are available to view, at any time, on our member website. You can also request a copy by post. Your P60 will show the total payments you've received and the amount of tax deducted.

If you have any questions about your tax, then contact HMRC quoting reference 948/KZ68905 using the following details:

**Pay As You Earn and Self Assessment  
HM Revenue and Customs  
BX9 1AS  
United Kingdom  
Tel: 0300 200 3300**

You can also use HMRC's online service to check your tax codes, including whether there has been a change, your personal allowance and estimates of how much tax you'll pay over the whole tax year.

You can access information about your current tax code at [www.gov.uk/check-income-tax-current-year](http://www.gov.uk/check-income-tax-current-year) or find information about your previous tax codes at [www.gov.uk/check-income-tax-last-year](http://www.gov.uk/check-income-tax-last-year). All you'll need is your Government user ID and password. If you don't already have a user ID, you can create one when you sign in for the first time.

## Protecting your data

We take care to handle your personal data in compliance with data protection legislation.

We process your personal data correctly and lawfully, to enable compensation payments to be made to you, to keep you up-to-date with developments and to seek your feedback about ways we could improve our service.

We won't rent, swap or sell your personal data to any other organisation.

You can view our full privacy policy at [www.ppf.co.uk/members](http://www.ppf.co.uk/members) or you can request a printed copy of the privacy policy be sent to you by using our contact details.

This booklet is for guidance only. It's necessarily simplified and not a definitive statement of law or entitlement.

Information in this booklet is based on our current understanding of the legislation governing the PPF in force at the time of writing.

Payments will always have to be calculated in accordance with legislation which will, therefore, override in the case of conflict.

### Do you need assistance?

We understand that some of our members may need some extra assistance from time to time and so we have a number of services and tools in place to help.

- If you need, or would prefer, to have a representative contact us on your behalf, we can send a Letter of Authority form for you to complete and return. The form is also available on our member website [www.ppf.co.uk/members](http://www.ppf.co.uk/members).
- If you need, or would prefer, to have a representative make decisions or amend personal information on your behalf, please send us a Power of Attorney. More information on how to make or register a lasting Power of Attorney can be found on the government website [www.gov.uk/power-of-attorney](http://www.gov.uk/power-of-attorney).
- If you have a sight impairment, we can provide letters and other communications in large print or Braille.
- For members who have a hearing or speech impairment Relay UK will enable you to communicate with companies over the phone. This service is regulated by Ofcom and is fully compliant with the General Data Protection Regulation (GDPR). Our staff can provide further information on how Relay UK can assist you and how we work together with them to support our members.

Alternatively, you can find more information on their website [www.relayuk.bt.com/about-relay-uk](http://www.relayuk.bt.com/about-relay-uk).

- To help British Sign Language (BSL) users communicate with us, you can make a call to us via an interpreter at Convo, which is a free service. All you have to do is register for Convo once, through their website or app. When you contact us via Convo, an interpreter relays the call between you and us. You can find more information on their website [www.convo.io/uk](http://www.convo.io/uk).
- For members experiencing mental health issues, our Contact Centre staff are trained to provide supportive conversations and know how best to assist members facing a number of difficulties and problems. All staff are familiar with the right organisations to signpost people to, where necessary.
- Our member website [www.ppf.co.uk/members](http://www.ppf.co.uk/members) is available to all of our members and can make it easier for you to access information, such as viewing our correspondence on screen and you can also contact us via the website through our secure messaging service. We're always finding ways to develop the website further and offer more online services to our members.

If you'd like to talk to us about any of these services, please contact us using the details at the bottom of this booklet. If the assistance you need isn't mentioned on this list, please don't hesitate to contact us so we can discuss how we can help. You can also use our secure messaging service to let us know of any vulnerability you may have and how we can further support you.



## Contact us

Pension Protection Fund  
PO Box 254  
WYMONDHAM  
NR18 8DN

## Telephone

0330 123 2222

## Overseas Members

+44 (0)208 633 4902

## Email

[ppfmembers@ppf.co.uk](mailto:ppfmembers@ppf.co.uk)

## Member website

[www.ppf.co.uk/members](http://www.ppf.co.uk/members)

Keeping your personal data secure is very important to us. That's why we're now asking you not to email us with any changes you want to make to your personal information. Your personal details, either in the email or on any attached documents, are the type of information fraudsters look for. So for your safety, we provide a secure messaging service through our member website. We can also reply back to your web account and you'll be notified when you have a new message from us. You can also safely upload documents to our member website using our Send Us a Document Tool. As well as being quick and simple to use, you'll know your details are secure.



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