



Department  
for Work &  
Pensions

**GUY OPPERMAN MP**  
**Minister for Pensions**  
**And Financial Inclusion**

Frank Field MP  
House of Commons

15 December 2017

Dear Frank,

I appreciate the critical importance to BPS pension scheme members of making a decision before the scheme's deadline of 22 December. I know that high/low members are naturally concerned to understand how they would be treated if they opt to go into the Pension Protection Fund (PPF).

I am therefore writing now to confirm the Government's plans to correct the anomaly in the current PPF rules.

I attach a fact sheet that my officials have prepared for MPs with constituents who are members of the BPS. The fact sheet explains that the Government has consulted on changes to address the current anomaly whereby members in receipt of a high/low "bridging" pension when their scheme enters the PPF will receive PPF compensation based on the high rate of their bridging pension for life. This was never the intention and the regulations that my Department will bring forward will correct this anomaly in PPF compensation rules.

The Government has decided to bring forward regulations which will enable the PPF to reduce the compensation paid to members with bridging pensions in a similar way to what would have occurred under the rules of their original scheme, referred to as the "scheme based rules" approach. As part of this my Department ran a second consultation on draft regulations to implement this approach. The consultation closed on 3 December, and we intend the regulations to come into effect in February 2018.

I understand that the trustees have extended the decision deadline for all BPS members until 22 December. I would also encourage you all to draw to attention to the dedicated helpline being provided by The Pensions Advisory Service (TPAS) to ensure that BPS members receive free and impartial guidance on their options. Individuals can call TPAS on 0207 932 9522 or use the webchat and online enquiries at [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

I am sending a copy of this letter to the libraries of both Houses.

A handwritten signature in blue ink, appearing to read "Guy Opperman". The signature is stylized with large loops and a long horizontal stroke at the bottom.

**Guy Opperman MP**  
**Minister for Pensions and Financial Inclusion**

## **Addressing the anomaly with the PPF and bridging (high/low) pensions**

**The Government is committed to addressing the PPF high/low anomaly. It intends to introduce the scheme rule based regulations to come into effect in February 2018 and expects these to be positively received.**

- The Government ran a first consultation between 31 August and 1 October 2017 to seek views on addressing the anomaly.
- Two approaches were presented in the consultation: a 'smoothing' approach (flat rate, lifetime equivalent amount) and a 'scheme rules based' approach (more closely reflecting the payment pattern of the original scheme).
- On the whole people were supportive of correcting the anomaly, but a significant proportion of consultation responses favoured a scheme rules based approach.
- Given this, the Government published a second consultation on 17 November concerning only the implementation approach: the consultation attached draft regulations reflecting the scheme rules based approach.
- The second consultation closed on Sunday 3 December and all those who commented welcomed the approach.
- My Department is now in the process of finalising the regulations and we intend them to come into effect in February 2018.

## **Decision dates for BSPs members with high/low pensions**

- Following a recent extension by the Trustees, **all BSPS members now have until the 22 December** to decide whether to opt into the new BSPS2 or fall into the PPF.
- The Trustees believe that high/low members' decisions will depend, to a certain extent, on the Government's approach to addressing the PPF high/low anomaly.
- The Government has **always intended to legislate to fix the bridging pension anomaly**. This has not changed.
- Further to extending the decision deadline, the Trustees have also confirmed that high/low members are able to change previous decisions made. They need to ring the helpline and ask for a new form and the latest form received by the deadline will take effect.
- The Pensions Advisory Service (TPAS) has sent up a dedicated helpline to ensure that BSPS members receive free and impartial guidance on their options. Individuals can call TPAS on 0207 932 9522 or use the webchat and online enquiries at [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

## **Indicative timeline**

Note: The Government is confident that the regulations to address the PPF anomaly will be in place by early March 2018 at the latest, although any unexpected Parliamentary obstacles could cause delays.

- 22 December - BSPS decision deadline
- End of January - Regulations laid before Parliament
- End of February - Regulations come into force