Written evidence from the Howarth Timber Group Ltd (PPF0029)

Howarth Timber Group operates a closed DB pension scheme. The scheme was originally opened in 1967. The scheme was closed to new members in 2005, and for future contributions for existing members in 2008. The closures were made due to escalating costs arising from longer life expectancies, lower investment returns and increasing operating costs.

My submission below relates to specifically to the points highlighted in bold font below.

- **the sustainability of the Pension Protection Fund.**
- **the fairness of the PPF levy system and its impact on businesses and scheme members.**

I believe that the way the PPF fund is currently funded will mean that it will become similar to musical chairs. Since over time, fewer and fewer companies will end up paying for the legacy unfunded pension scheme deficits which enter the PPF. This will have a significant adverse commercial impact upon companies caught having to fund the PPF. Limiting the future investment and growth prospects for these companies, and their employees.

- **whether the current framework is generating inter-generationally fair outcomes.**

Every time we agree a plan for the company to increase its contributions to eliminate the pension deficit, at the next tri-annual valuation the deficit has not reducing as planned. The company has to spend an increasing proportion of its employment cost budget on funding the running of its legacy DB pension scheme. This means that less money is available for newer and generally younger employees. I believe that this is an unfair inter-generational outcome.

*August 2016*