

# Update

**February 2025**

## PPF levy

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The Pension Protection Fund (PPF) has finalised its levy plans for 2025/26.

The levy estimate will be reduced to £45m, a significant reduction on the £100m estimate initially proposed (and charged in 2024/25). Almost all schemes – 99.7 per cent – are expected to see a reduction in their levy.

Additionally, the levy rules include a new provision that enables the Board to calculate a zero levy if appropriate legislative changes (that would enable the PPF to re-establish a material levy in a reasonable timeframe should a funding crisis arise) are brought forward, and sufficiently progressed, in the course of 2025/26.

Other changes include permitting all schemes to use the simpler Option Beta for certifying deficit reduction contributions (previously only closed schemes with less than £10m in liabilities and paying contributions as part of a recovery plan could use this option).

The special category employer criteria has also been widened to allow entities classified by ONS as public financial and public non-financial corporations to apply (the other existing criteria will still need to be met – for example, very low risk of the scheme entering the PPF).

## TPR Chair to step down



*Sarah Smart*

The Chair of the Pensions Regulator, Sarah Smart, is to step down in July 2025. Ms Smart has been on the Regulator's Board since 2016, first as Senior Independent Director and latterly as Chair of the Board. The search for a successor will be led by the Department for Work and Pensions in accordance with the government's public appointments guidance.

## CMI consultation

The Continuous Mortality Investigation (CMI), part of the Institute and Faculty of Actuaries, has published a consultation on the next version of its Mortality Projections Model, CMI\_2024. This follows a wide-ranging review of the Model to address concerns raised over the sustainability of the initial approaches taken in the aftermath of the COVID-19 pandemic. The two primary changes to how the CMI calibrates the Model to historical data are:

- Extending the existing age-period-cohort improvement (APCI) model to have three period terms, to reflect different trends in mortality at different ages; and
- Modelling the impact of COVID-19 by adding a "fitted overlay" to the APCI model, rather than using weights as in earlier versions (the new version is renamed the APCOI model to reflect the inclusion of the overlay).

The APCOI model simultaneously fits smooth "underlying" mortality and the overlay from 2020 to reflect the temporary impact of the pandemic. In the Core version of the Model, the additional mortality from the overlay would halve in each successive year. However, users can vary the rate and shape of the decay to reflect their views. Based on the indicative dataset used in the paper, cohort life expectancy from the proposed version of CMI\_2024 would be 0.46% higher for a male age 65 relative to CMI\_2023, and 0.10% lower for a female age 65.

## Company news

Lufthansa UK Pension Trustee Limited has secured a £120m agreement with Royal London which insures Lufthansa Group's three UK defined benefit pension schemes in one integrated transaction.

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*"Levy payers have long made a vital contribution to the PPF's funding. We ultimately don't want to charge levy payers any more than we need"*

*Kate Jones, PPF Chair*



**Lufthansa**