



**Work and Pensions
Committee**

17 December 2024

Michelle Ostermann
Chief Executive Officer
Pension Protection Fund
(By e-mail only)

Dear Michelle

Indexation on compensation for pre-1997 benefits

As you may have seen, I wrote to the Secretary of State on [27 November](#) asking for the timescale within which the Government expects to address issues relating to the policy of non-indexation of compensation from the Pension Protection Fund (PPF) and Financial Assistance Scheme (FAS) in respect of pension benefits built up before April 1997.

In its report on [Defined Benefit Pension Schemes](#), the Committee recommended that: i) given that the PPF had £12 bn in reserves - the Government should legislate to provide indexation on PPF compensation in respect of pre-1997 where scheme rules allowed for that (para 151); ii) given the age of many FAS members, the Government should legislate as a matter of urgency to provide indexation on FAS compensation for pre-1997 rights, where scheme rules provided for this, funded by the taxpayer (para 161).

The Committee's report referred to PPF estimates of the cost of such changes (para 150 and 159). Given the passage of time since these figures were provided, I would be grateful if you could provide updated estimates to those provided in letters of [6 December 2023](#) and [27 October 2023](#).

Yours sincerely,

Debbie Abrahams MP
Chair, Work and Pensions Committee