# PPF levy 2026/7

January 2026

In this hot topic, we look at the PPF's proposals for its 2026/27 levy and set out key actions for trustees and employers.

## Proposals for 2026/27

The PPF is satisfied that its current reserves coupled with improvements in scheme funding means it doesn't need to charge a material PPF levy for 2026/27. However, its ability to retain a zero-levy for next year is dependent on the passage of the Pension Schemes Bill ("the Bill").

The PPF must publish its determination confirming its levy estimate and rules for 2026/27 before the end of the current financial year (31 March 2026). If the legislative position is sufficiently certain in time, the PPF will confirm a zero conventional levy and schemes will not be invoiced (the PPF's determination will be the notification). Otherwise, it will use last year's levy estimate and rules to preserve its independence on the levy in lieu of legislative changes.

The consultation confirms the PPF's intent to continue to charge an Alternative Covenant Schemes ("ACSs") levy. ACSs pose different risks to conventional schemes as they do not have a substantive employer covenant but can be supported by a capital buffer. Superfunds are an example of an ACS.

The PPF intends to refine the ACS levy for next year and plans to conduct a wider review of its methodology in the medium term to inform how the PPF's approach might need to be further adapted to reflect market developments.

## Levy waivers

While a levy is unlikely for 2026/27, it is worth remembering that if a levy did apply, in certain circumstances the PPF has a discretionary power to waive its payment. However, the statutory parameters for a waiver are very strict. The PPF must be satisfied that:

- no further contributions will be paid towards the scheme by or on behalf of members in respect of relevant benefits
- all relevant benefits payable to scheme members will be provided in full by one or more insurance policies or annuity contracts (eg a buy-in or buy-out policy or contract for all known liabilities with one or more insurers), and
- there are insufficient unallocated assets in the scheme to meet its PPF levy in full (eg assets are allocated to buy-out or winding up expenses). (The PPF has made clear that it is open to schemes explaining that assets are allocated to wind-up expenses.)

### Action

If there is a levy for 2026/27 and your scheme would like the waiver to apply, you must apply to the PPF within 28 days of the scheme's invoice and before paying it. A new application is needed for each levy year.

## Contingent assets

Putting in place or recertifying contingent assets may have dropped down schemes' agendas over the last couple of years. However, they should still be considered as a means of futureproofing against potential for future levies. Trustees / employers will need to undertake a cost/benefit analysis, addressing issues such as the likelihood of changes to the PPF templates, the strength and stability of the employer and of the scheme's funding position.

It should also be remembered that a simplified recertification procedure may be used for contingent assets where certification / recertification occurred not more than five years previously and the trustees can confirm that the underlying agreement remains in place. It may be worth reviving an asset for PPF purposes to avoid incurring the additional costs associated with a new submission.

### Timing

The deadline for certification / re-certification on Exchange is midnight on 31 March 2026. Any documents that need to be submitted, such as a guarantor strength report, must be emailed to the PPF by 5pm on 3 April 2026.

While the final levy determination has yet to be issued to give more time for the Bill to progress, schemes wishing to put in place or refresh their contingent assets should start the process as soon as possible.

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