First Briefing, October 2026
PPF confirms zero levy for 2027/28

The Pension Protection Fund (PPF) has confirmed that it will not charge a conventional levy for the 2027/28 levy year.

The decision reflects the PPF's strong financial position and means that around 4,800 conventional DB schemes will pay no levy in 2027/28.

Headlines

The headline announcements are:

- No PPF levy for *conventional* DB schemes in 2027/28
- Updated assumptions for section 143 and section 179 valuations
- One year pause for Alternative Covenant Scheme (ACS) levy

Zero levy becomes the new normal?

The announcement marks the third consecutive year that the PPF has not collected a levy from *conventional* schemes. A *conventional* scheme means a typical DB scheme, rather than a superfund type scheme.

The PPF said that the decision *"reflects the PPF's financial position and evidence-based approach to levy setting."*

The outcome is not surprising, particularly given that the PPF's reserves increased by **a further £1bn** over the year to 31 March 2026. The PPF has previously stated that they *"consider the scenarios in which we would need to reinstate the levy to be limited".*

The PPF has also paused the levy charged to Alternative Covenant Schemes (ACS), such as superfund arrangements, for one year while it reviews its long-term approach. The levy has not been permanently withdrawn and the PPF intends to revisit the framework once its review is complete.

Section 179 valuations set to stay

Alongside the levy announcement, the PPF has confirmed there will be updated section 143 and section 179 valuation assumptions. The main changes affect discount rates and mortality assumptions and are expected to reduce liabilities.

Updated s179 assumptions will apply for valuations with an effective date of 30 November 2026 or later.

Additional guidance will also be published later in 2026 to confirm how these valuations should allow for pre-1997 indexation following the changes introduced in the Pensions Schemes Act 2026.

The updated section 143 assumptions took effect from 31 May 2026.

Despite a zero levy, the PPF has confirmed that section 179 valuations continue to serve a number of purposes, including PPF risk modelling and industry funding statistics.

Triennial section 179 valuations remain a legislative requirement for eligible DB schemes and are unlikely to disappear in the foreseeable future.

What to do with the surplus?

The PPF's funding has materially improved over recent years. As at 31 March 2026, the PPF reported a funding level of 185% and **surplus of £14.9bn**.

Like many DB schemes across the UK, the PPF is increasingly facing questions over who should benefit from the surplus. Stakeholder views range from refunding levy payers, increasing member compensation or passing on to Government.

For now, it remains to be seen how Government and PPF will use the surplus which continues to grow.

Further information

For further information, please contact your usual First Actuarial consultant.

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