

PENSIONS AND  
LIFETIME SAVINGS  
ASSOCIATION

# DISCRETIONARY PAYMENTS SURVEY 79 INTERVIEWS

April 2024

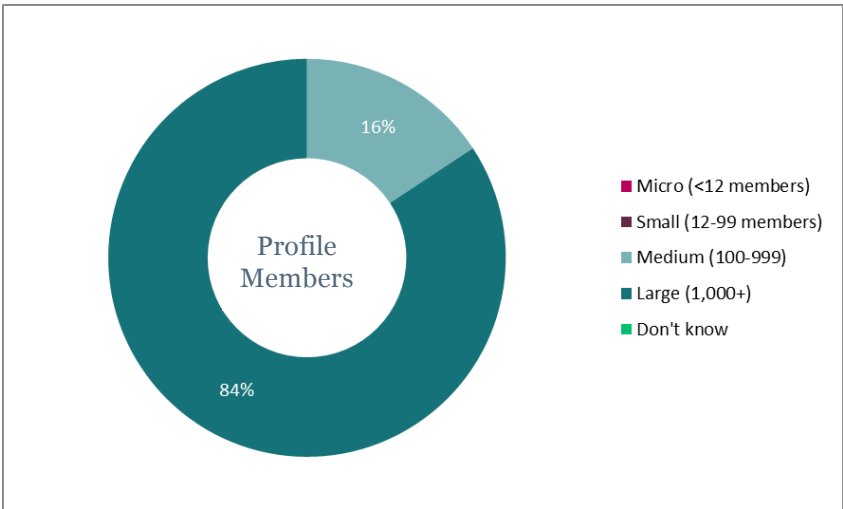
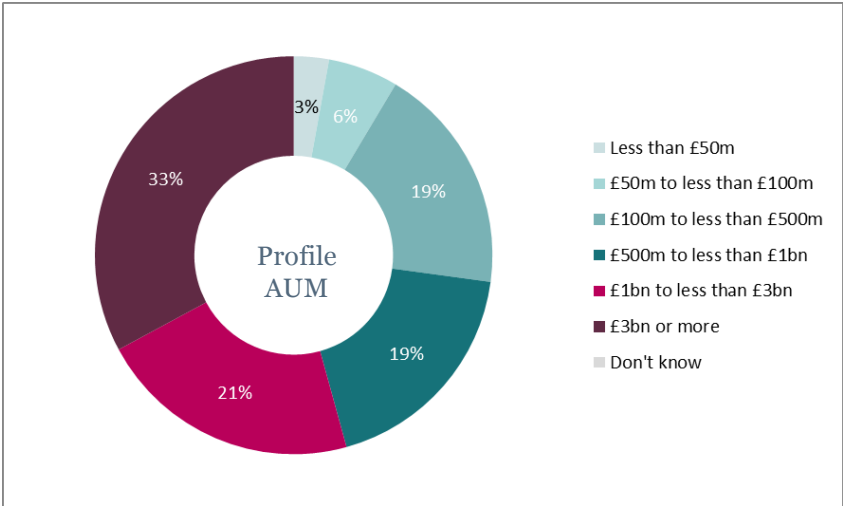
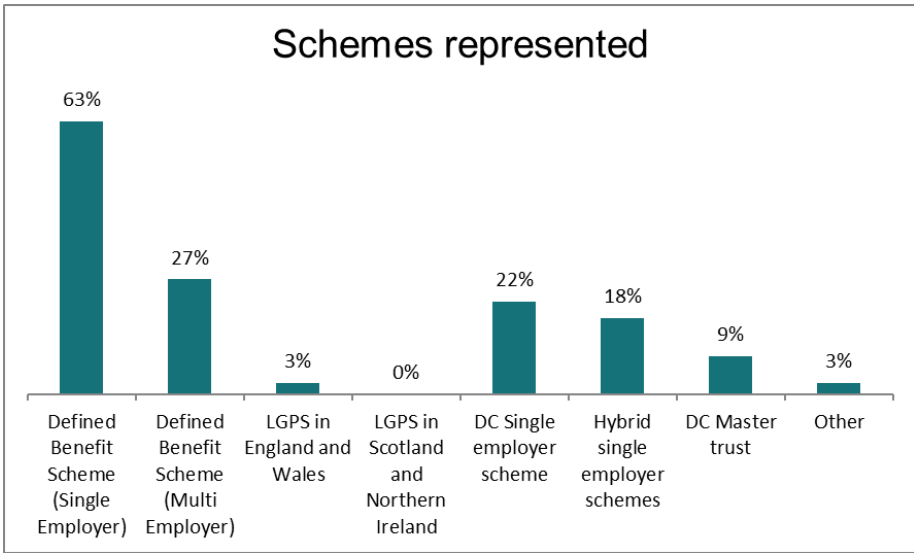
# RESEARCH BACKGROUND



79



3-12 April



# SUMMARY

# SUMMARY (1)

## Scheme funding

- Two-thirds of schemes say they are in a funding surplus.

## Discretionary benefits

- A third say they have paid discretionary payments to members within the last 2 years (32%), with the main types of payment being temporary increases in indexation for some members (28%) and one-off cost of living payments (24%).
- One in seven (16%) have paid one off discretionary benefit changes, while one in ten have paid temporary increases in indexation for all members (12%) and a similar number permanent changes to scheme benefits (12%).
- Other types were mentioned by one in three (32%) with the most mentioned being early retirement benefits (mentioned by 2 respondents).
- Scheme surplus and cost of living/high inflation rate appear to be the most common reasons for paying occasional discretionary pre-97 benefits.
- Indeed, when prompted two-thirds (67%) say the cost-of-living crisis has encouraged them to consider paying pre-97 benefits, while improvements in scheme funding has encouraged half (49%) to consider paying pre-97 benefits.
- Among the small number with pre-97 benefits who have never paid any benefits (7 respondents) – half (4 out of 7 respondents) have previously considered paying pre-97 benefits – only 2 say they have not considered it.
- Most have either never received or only received a few enquiries/requests from members or their representatives for pre-97 payment increases (60%). Less than one in ten (7 per cent) say they have received a substantial number and a quarter have received some (26%).

# SUMMARY (2)

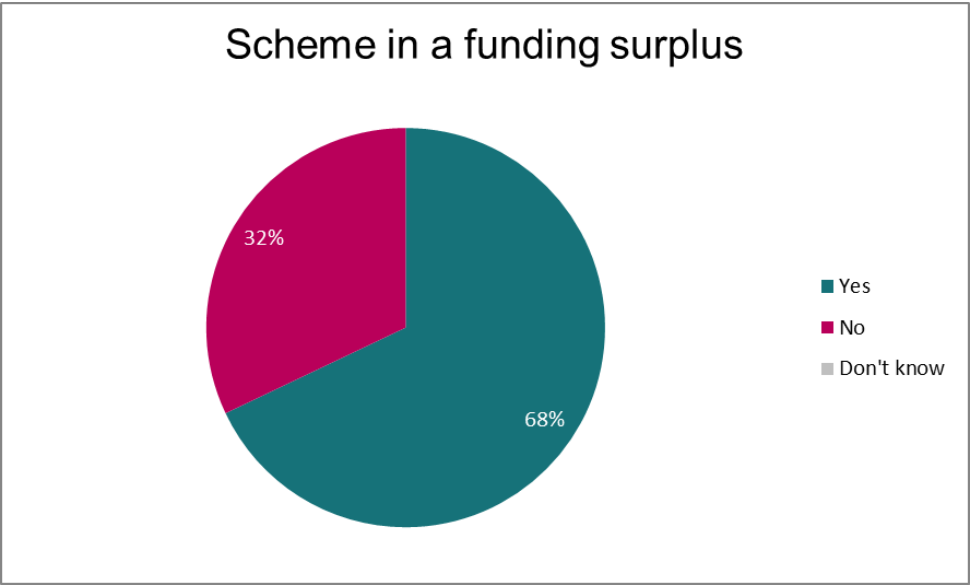
## PPF/FAS role with Pre-97 Benefits

- Almost six in ten feel that the PPF or FAS should pay increases to discretionary pre-97 Benefits (55%), with two in five (41%) saying that it should be generally considered, while one in seven say it should be considered only in limited circumstances (14%).
- However, a third do not believe the PPF or FAS should pay increases to discretionary pre-97 Benefits (34%), with the main reason being that it would be unfair on other member cohorts (69%). One in ten also say it would be too expensive (11%).

# KEY FINDINGS

# SCHEMES IN A FUNDING SURPLUS

▶ Is your scheme in a funding surplus? All respondents (79)



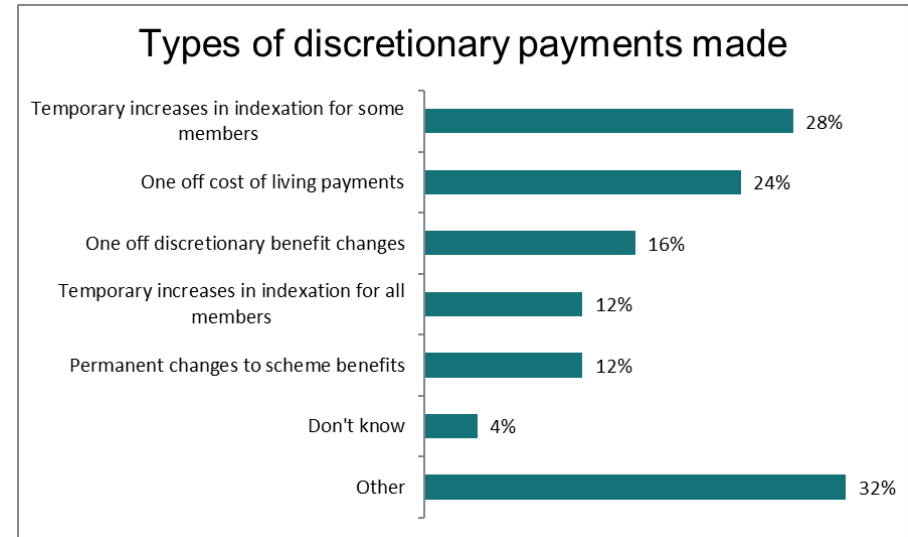
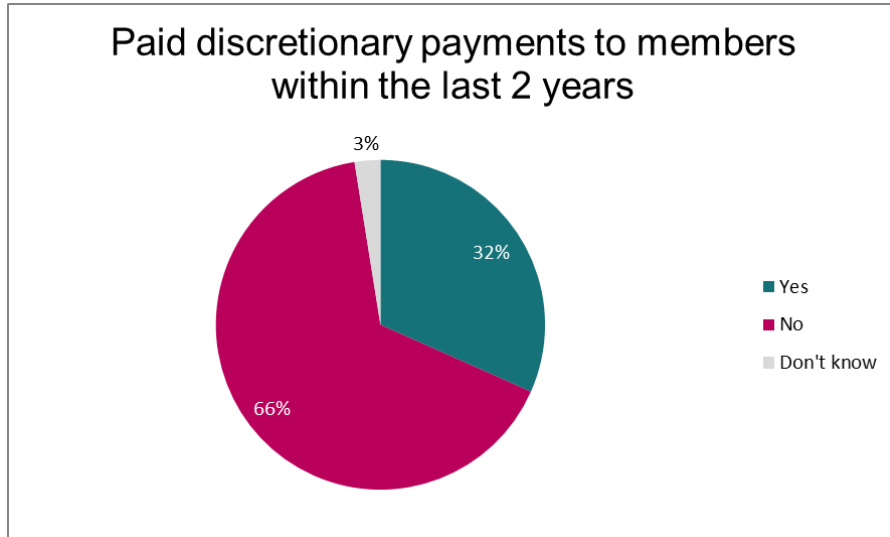
• Two-thirds of schemes say they are in a funding surplus.

# DISCRETIONARY BENEFITS



# DISCRETIONARY PAYMENTS

- ▶ Have you paid discretionary payments to members within the last 2 years? All respondents (78)
- ▶ Which, if any, of the following types of discretionary payments have you made? All respondents who have made discretionary payments (25)

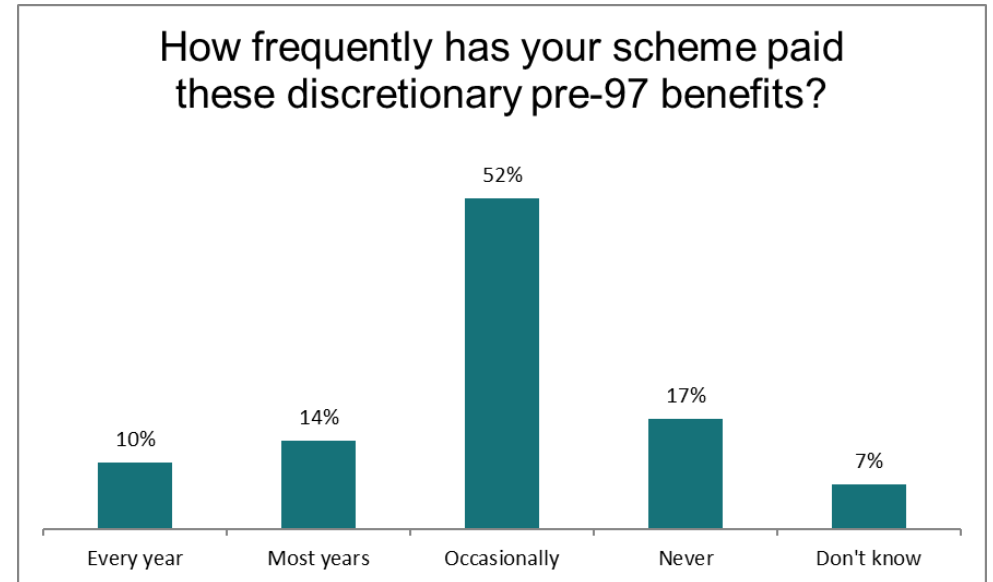
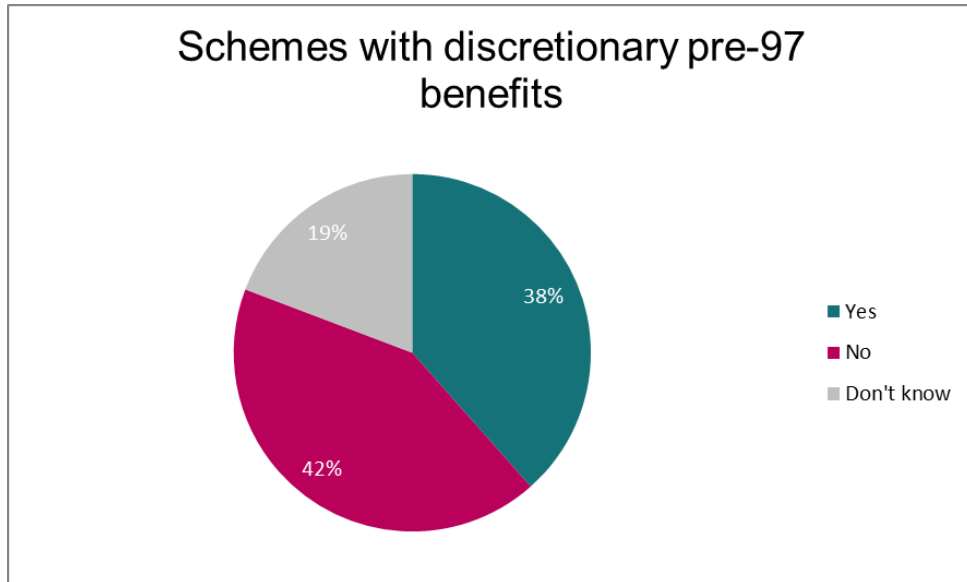


- A third say they have paid discretionary payments to members within the last 2 years (32%), with the main types of payment being temporary increases in indexation for some members (28%) and one off cost of living payments (24%).
- One in seven (16%) have paid one off discretionary benefit changes, while one in ten have paid temporary increases in indexation for all members (12%) and a similar number permanent changes to scheme benefits (12%).
- Other types were mentioned by one in three (32%) with the most mentioned being early retirement benefits (mentioned by 2 respondents).

# DISCRETIONARY PRE-97 BENEFITS

# DISCRETIONARY PRE-97 BENEFITS

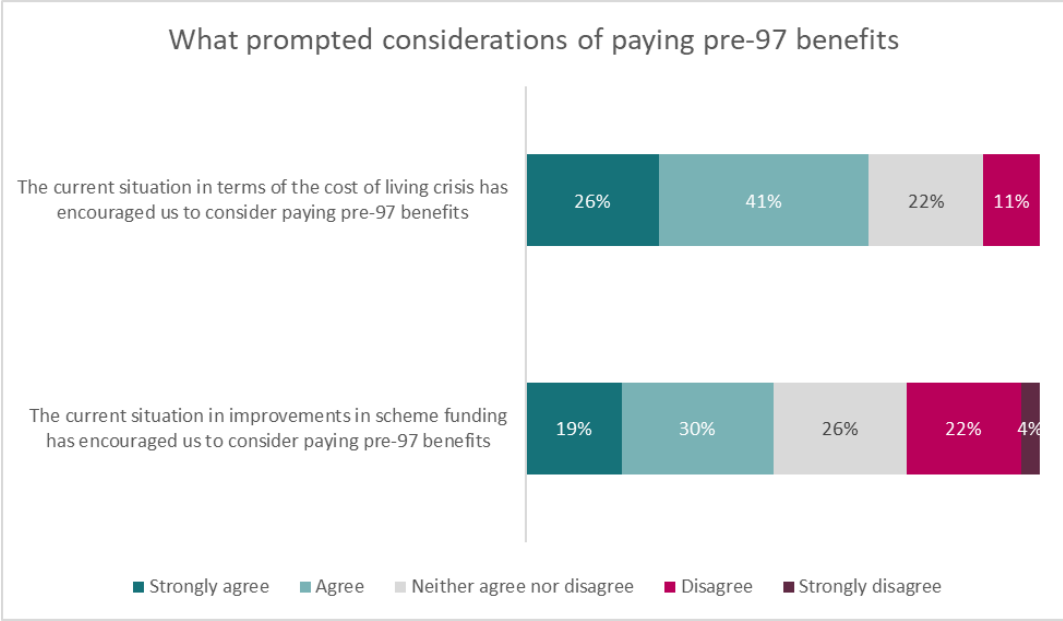
- ▶ Does your scheme have discretionary pre-97 benefits? All respondents (76)
- ▶ How frequently has your scheme paid these discretionary pre-97 benefits? All respondents with discretionary pre-97 benefits (29)



- Two in five (38%) have discretionary pre-97 benefits with half paying these occasionally (52%). One in ten (10%) pay them every year, while one in seven pay them most years (14%). One in five (17%) say they have never paid discretionary pre-97 benefits.

# PROMPTS FOR PAYING PRE-97 BENEFITS

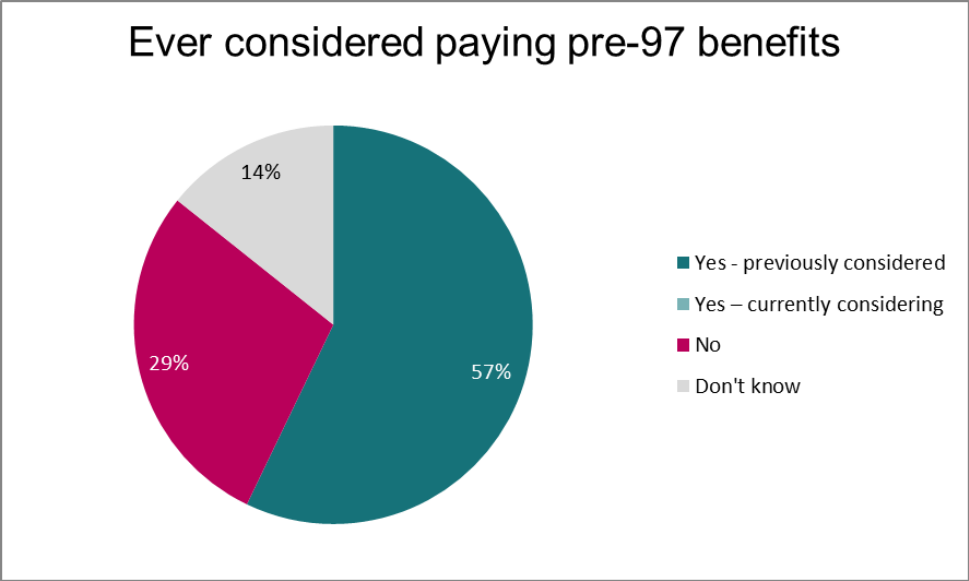
▶ To what extent do you agree or disagree with the following statements? All respondents with pre-97 benefits (27)



- The cost-of-living crisis has encouraged two-thirds (67%) to consider paying pre-97 benefits, while improvements in scheme funding has encouraged half (49%) to consider paying pre-97 benefits.

# CONSIDERATION OF PAYING PRE-97 BENEFITS

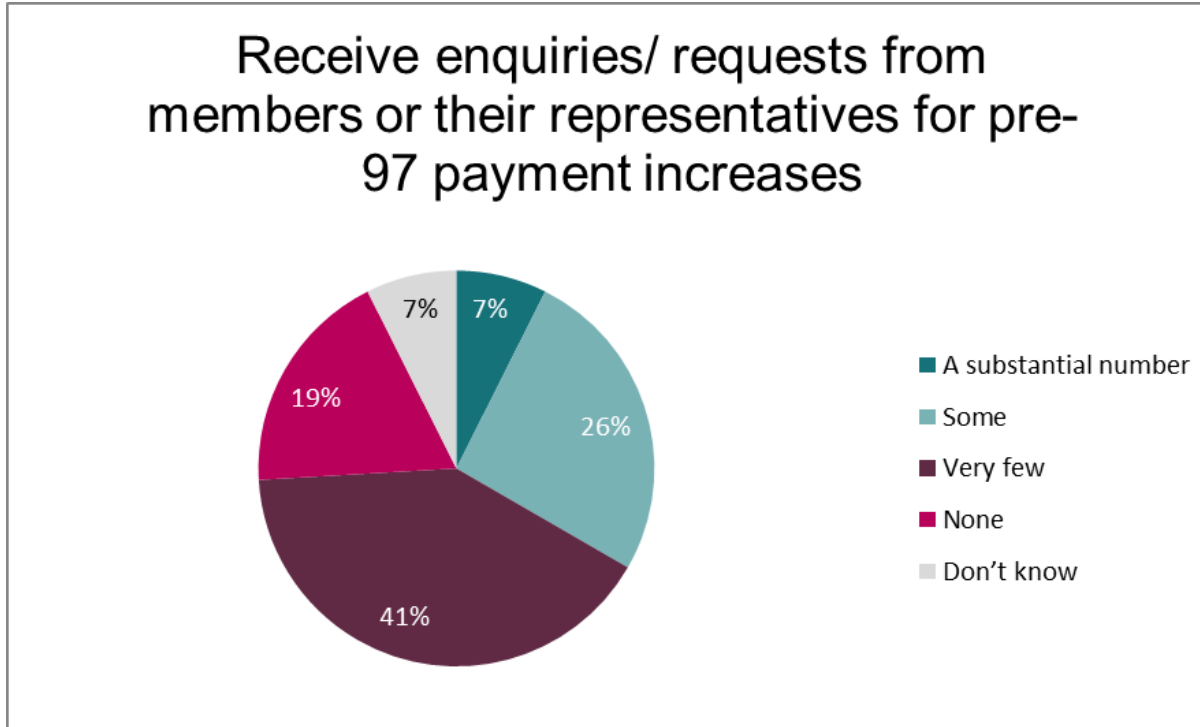
▶ Have you ever considered paying these pre-97 benefits? All respondents who have never considered paying pre-97 benefits (7)



- Among the small number with pre-97 benefits who have never paid any benefits (7 respondents) – half (4 out of 7 respondents) have previously considered paying pre-97 benefits – only 2 say they have not considered it.

# ENQUIRIES

- ▶ Do you receive many enquiries/ requests from members or their representatives for pre-97 payment increases? All respondents with pre-97 benefits (27)

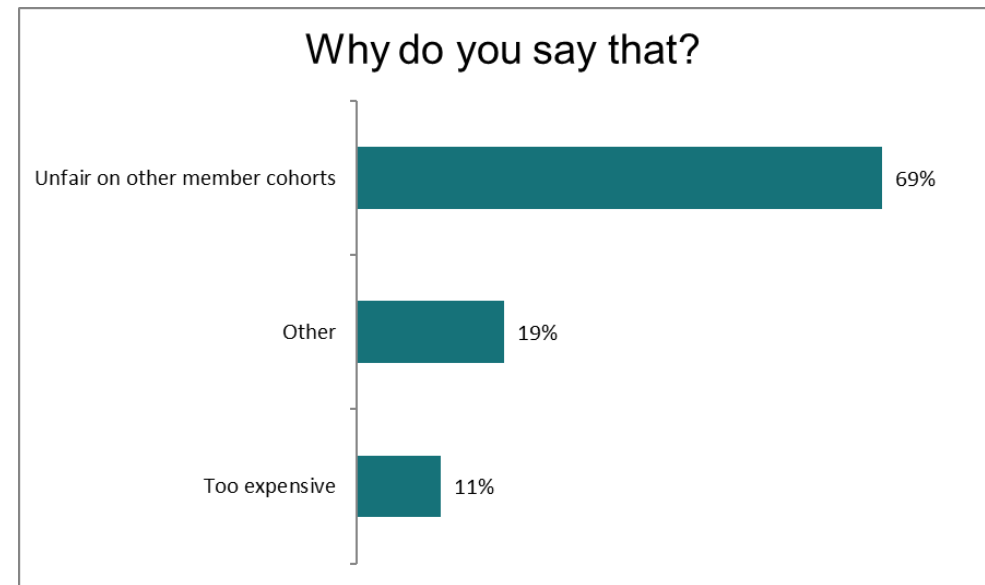
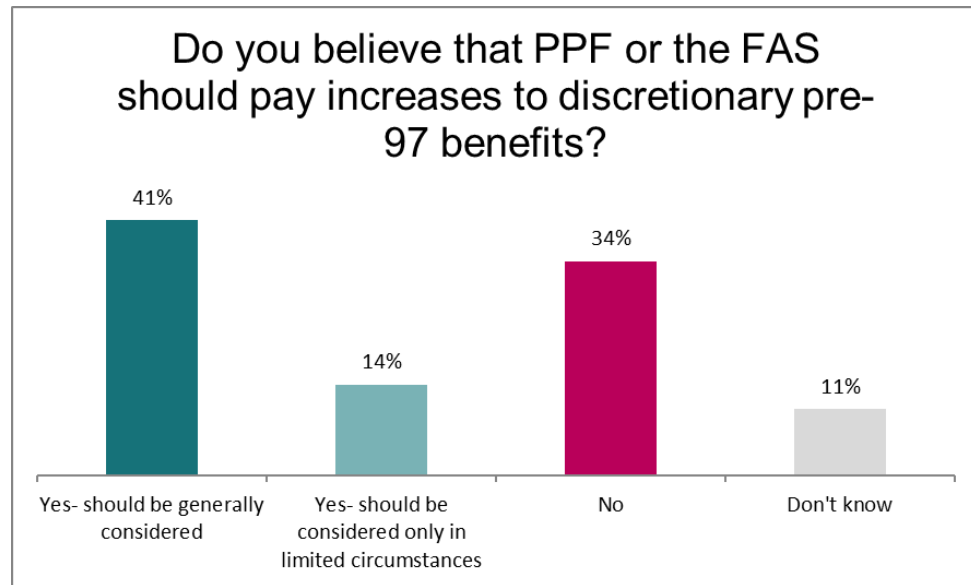


- Most have either never received or only received a few enquiries/requests from members or their representatives for pre-97 payment increases (60%). Less than one in ten (7 per cent) say they have received a substantial number and a quarter have received some (26%).

# PPF/FAS ROLE WITH PRE-97 BENEFITS

## VIEWS ON WHETHER PPF OR FAS SHOULD PAY INCREASES TO DISCRETIONARY PRE-97 BENEFITS

- ▶ Do you believe that PPF or the FAS should pay increases to discretionary pre-97 benefits? All respondents (76)
- ▶ Why do you say that? All respondents who say no (36)



- Almost six in ten feel that the PPF or FAS should pay increases to discretionary pre-97 Benefits (55%), with two in five (41%) saying that it should be generally considered, while one in seven say it should be considered only in limited circumstances (14%).
- However, a third do not believe the PPF or FAS should pay increases to discretionary pre-97 Benefits (34%), with the main reason being that it would be unfair on other member cohorts (69%). One in ten also say it would be too expensive (11%).



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The background of the page is a complex geometric composition of overlapping triangles and polygons in various shades of teal and turquoise. The colors range from a deep, dark teal to a very light, almost white-tinted teal. The shapes are arranged in a way that creates a sense of depth and movement, with some shapes appearing to be layered on top of others. The overall effect is a modern, abstract, and professional-looking design.