

The Financial Assistance Scheme – 27 March 2008

This statement is an update for the House on the progress made in implementing the changes to the Financial Assistance Scheme (FAS) following the Government announcement on 17 December 2007.

Progress made

The consultation for the first package of draft Regulations finished on 20 March. Subject to Parliamentary passage those Regulations will increase FAS payments to 90 per cent of accrued pension, and will also enable us to pay people from their normal retirement age, subject to a lower limit of age 60. We are now considering the responses we have had to the consultation.

We have also consulted on changes we are proposing to annuity factors used in certain circumstances to convert cash sums into rates of notional pension to facilitate the calculation of assistance. This consultation is open until 18 April 2008.

Next steps

We are now beginning the next stage of implementing the changes from the December announcement. Tomorrow (28 March) we will be publishing a second set of draft Regulations for consultation.

The second set of regulations contain provision for early reduced payment for certain qualifying members who are unable to work due to ill health; extending the FAS to members of certain schemes which wound up underfunded with a solvent employer; speeding up initial payments; enabling the Board of the Pension Protection Fund to advise in the development of the new FAS arrangements; and removing the option to apply for reinstatement into the State Additional Pension for those eligible for FAS.

To reflect the particular nature of the content the written consultation period for these draft regulations will be a period of 6 weeks. Although less than the customary 12 weeks, we consider that a 6 week period for written consultation provides an appropriate time for stakeholders to consider and respond fully, and will allow us to make the changes as quickly as we reasonably can. We have been in regular contact with stakeholders including the Pensions Action Group, and will be sending the consultation document directly to relevant pension scheme trustees.

Good progress continues to be made and we will maintain the effort required to ensure these changes, and therefore the assistance to scheme members, are in place with the minimum of delay.

The consultation documents are available on the Department's website at [www.dwp.gov.uk/publications/dwp/2008/FinancialAssistanceScheme\(MiscellaneousAmendments\)2Regulations2008.pdf](http://www.dwp.gov.uk/publications/dwp/2008/FinancialAssistanceScheme(MiscellaneousAmendments)2Regulations2008.pdf) or alternatively via the [FAS website](#).

In the first two packages of draft regulations we have focused on introducing the key parts of the reforms to FAS announced on 17 December 2007: payment at 90 per cent from normal retirement age; allowing early reduced payment for those scheme members unable to work due to ill health; and allowing certain pension schemes with solvent employers to qualify for FAS.

There will be a third package of Regulations, published for consultation later in the year, aimed at delivering all the remaining parts of the extension, which will move FAS to a position where financial assistance payments are calculated on a basis which is broadly comparable to that of the PPF.