



**Pensions  
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# **PMI Level 4 Certificate in Pension Scheme Member Guidance Qualification Specification**

# PMI Level 4 Certificate in Pension Scheme Member Guidance

## QUALIFICATION AIM

This qualification is designed to meet the needs of pensions staff who regularly liaise with members selecting options from a pension scheme. It is concerned with improving member outcomes and providing guidance on benefit options. As this guidance is in the area of non regulated advice the qualification provides an overview of the distinction between regulated and non regulated advice, the different types of pension scheme and the factors that need to be considered in making decisions in regard to benefits. It covers various options and situations, including: joining, leaving, transferring, retirements, commutation, death, and divorce.

## PREREQUISITES

There are no formal prerequisites for this qualification; either qualifications or knowledge and experience. However it is likely that candidates will have obtained relevant pensions related experience and/or obtained a relevant pensions related qualification.

We would anticipate most candidates would be working in the field

## QUALIFICATION STRUCTURE AND ASSESSMENT

This qualification comprises one mandatory unit and candidates must have completed relevant course work.

Further details on assessment can be found in the Test Specification.

## SYLLABUSES

Each module syllabus is presented in a form which is intended to give an indication of the depth and breadth of knowledge which is required. A summary of learning outcomes is followed by an outline of each syllabus divided into sections with an initial statement indicating what is expected of candidates and some notes which give an indication of the way in which the initial statement should be interpreted. The learning outcomes use key words in heavy type to indicate the depth and/or breadth of knowledge which is required. The key words should be interpreted as follows:

**calculate** – compute using numbers

**demonstrate** - explain or prove by reasoning/example

**describe** - give a detailed account of

**distinguish** - mark the difference between

**explain** - make clear or intelligible; illustrate the meaning of

**identify** - demonstrate what something is

**outline** - brief general explanation; summary without detail

**understand** - comprehend; have a thorough knowledge of

## **RECOMMENDED STUDY TIME**

This is also known as Total Qualification Time (TQT) or Guided Learning Hours. TQT is a measure required by Ofqual the qualifications regulator and is comprised of:

- a. Guided Learning Hours (GLH). This means time spent being taught by an instructor (and not necessarily face to face); and
- b. Study Time. This means self study/revision/reading

In order to comply with Ofqual requirements and to provide an estimation of study time we have calculated the following:

As GLH, as defined above, is not common we have estimated a total of 0 hours for this component. For study time we have estimated 150 hours. Therefore TQT = 150 hours for this qualification.

The above estimates are based on evidence we have gathered from users of our qualifications, past experience and benchmarking exercises. The evidence we have gathered indicates that there is considerable variation within the overall TQT estimates as blended approaches are common with differing mixes of Guided Learning and other elements which contribute to TQT. These estimates are reviewed regularly.

The qualification is normally achieved within twelve months of registration.

## **REGULATION**

This qualification is regulated by Ofqual and appears in the Register of Regulated Qualifications: <http://register.ofqual.gov.uk/>

## **QUALIFICATION LEVEL**

This qualification has been benchmarked at Level 4 in the national framework.

## **FEES**

Fees for this qualification can be found on this page; <http://www.pensions-pmi.org.uk/qualifications-and-learning/certificate-in-pension-scheme-member-guidance/dates-forms-and-fees/> and here in the Qualification fees document : <http://www.pensions-pmi.org.uk/documents/2017-qualification-fees/2017-qualification-fees.pdf>

## **LINKS WITH OTHER QUALIFICATIONS AND PROGRESSION**

Those who complete this qualification could proceed to complete additional PMI administration focussed qualifications such as the Certificate in Pensions Calculations, Certificate in Pensions Essentials, Certificate in Pensions Administration or Diploma in Pensions Administration. Alternatively they could pursue the PMI Diploma and Advanced Diploma in Retirement Provision.

The exact choice will depend on individual circumstances and career path.

## **MEMBERSHIP ENTITLEMENT**

Candidates undertaking the qualification will be automatically enrolled as Affiliate Members on registration for the duration of their study

Candidates completing the qualification successfully will be eligible to seek election as Certificate Members of the PMI with the designatory initials CertPMI

## CONSTITUENT UNIT

### Aim

To provide an understanding of the knowledge required for liaising with members who are electing options from pension schemes.

To apply the core knowledge and provide the necessary skills for dealing with individuals/members and dependants at various pension scheme membership events:

- joining a pension scheme.
- leaving a pension scheme
- considering transfer options.
- involved in a divorce
- reporting the death of a member.
- considering retirement, taking all or part of their DC fund as cash, or commuting DB pension for cash, or pension increase exchanges.
- considering an annuity

To provide the appropriate skills to improve member outcomes

### Learning Outcomes

On successful completion of this unit candidates will be able to:

- **Understand** the difference between regulated financial advice, information and guidance
- **Distinguish** between the main types of pension scheme and **outline** the options available to members, and when and how they operate
- **Understand** the financial factors that need to be taken into consideration when making decisions on benefits
- **Understand** the lifestyle factors which should be taken into account when making decisions at retirement or in retirement
- **Demonstrate** an understanding of the circumstances under which an individual might join a pension scheme
- **Demonstrate** an understanding of the concept of leaving a pension scheme to move to a new employer or whilst remaining in employment
- **Demonstrate** an understanding of a transfer out, transfer in, a regulated transfer and pensions scams and the impact on benefits of each
- **Demonstrate** an understanding of the impact of divorce on pension benefits
- **Demonstrate** an understanding of the benefits that may be payable from pension schemes on death in service, death in deferment and death in retirement
- **Demonstrate** an understanding of when a member can retire from a scheme and the different options available
- **Demonstrate** an understanding of the issues surrounding relevant medical information in ill-health retirement situations
- **Demonstrate** an understanding of the options available in DC schemes
- **Demonstrate** an understanding of the concept of commutation
- **Demonstrate** an understanding of the features and operation of an annuity and how these affect a member
- **Demonstrate** the appropriate skills when dealing with members

## Syllabus

The syllabus is presented in the order of the modules that comprise the qualification.

### CORE KNOWLEDGE MODULES (FOUR IN TOTAL)

#### (1) INFORMATION, ADVICE AND GUIDANCE ON PENSION BENEFITS

- **Understand** the difference between regulated financial advice, information and guidance

*Distinguish* between regulated financial advice and information or guidance

**Explain** the:

- difference between independent and restricted financial advice
- regulatory framework for financial advice

**Consider** the protections available to individuals and the elements of the complaints process

#### (2) OPTIONS AVAILABLE FROM DIFFERENT PENSION SCHEMES

- **Distinguish** between the main types of pension scheme and **outline** the options available to members, and when and how they operate

**Explain** the features and identify the options available to members, and when and how they operate from the following:

- DB schemes
- CARE schemes
- cash balance schemes
- DC schemes
- automatic enrolment schemes

#### (3) FINANCIAL CONSIDERATIONS WHEN MAKING PENSION BENEFIT DECISIONS

- **Understand** the financial factors that need to be taken into consideration when making decisions on benefits

**Clarify** the main sources of income in retirement

**Explain:**

- how expenditure patterns may differ in retirement
- the financial impact of the Annual Allowance and changes to the Lifetime Allowance
- the concept of income drawdown and when it may be applicable
- the potential financial impact of various decisions to members and their potential beneficiaries
- the tax implications of pension decisions

#### (4) LIFESTYLE FACTORS THAT IMPACT ON PENSION BENEFIT DECISIONS

- **Understand** the lifestyle factors which should be taken into account when making decisions at retirement or in retirement

**Clarify** the impact of the following:

- age and longevity
- health and medical history
- marital status
- inflation and changes in prices
- typical spending patterns in retirement

## APPLICATION MODULES (SEVEN IN TOTAL)

### (5) JOINING AN OCCUPATIONAL PENSION SCHEME

- **Demonstrate** an understanding of the circumstances under which an individual might join a pension scheme

**Explain:**

- *how an individual can join a pension scheme*
- *potential consequences of not joining a scheme including limits on insurance covers*
- *how and when an individual may be automatically enrolled into a pension scheme*
- *how pension scheme membership might be linked to salary sacrifice arrangements*

### (6) LEAVING AN OCCUPATIONAL PENSION SCHEME

- **Demonstrate** an understanding of the concept of leaving a pension scheme to move to a new employer or whilst remaining in employment

**Explain the:**

- *potential impact of leaving a pension scheme whilst remaining in employment*
- *impact of leaving a pension scheme on benefits and the options available*

### (7) TRANSFERRING PENSION BENEFITS

- **Demonstrate** an understanding of a transfer out, transfer in, a regulated transfer and pension scams and the impact on benefits of each

**Explain:**

- *The arrangements to which a member can transfer benefits*
- *transfer outs, transfer ins, when it is a legal requirement to take financial advice from a regulated adviser and how they work*
- *how incentive exercises to transfer benefits work*
- *pension scams, warning signs and the potential impact on the member*
- *the guarantees and other benefits that are given up irrevocably on transferring from a DB arrangement to a DC arrangement*
- *the additional options in the DC environment in relation to the risks of transferring*
- *the rules around overseas transfers*

### (8) DIVORCE AND PENSION BENEFITS

- **Demonstrate** an understanding of the impact of divorce on pension benefits

**Explain the:**

- *impact of divorce on pension benefits and the options available*
- *process involved and time-scales*

## (9) PENSION SCHEME DEATH BENEFITS

- **Demonstrate** an understanding of the benefits that may be payable from pension schemes on death in service, death in deferment and death in retirement

### **Explain:**

- *what to do when someone dies and the information required*
- *the benefits that may be payable on death in service, death in deferment and death in retirement*
- *the importance of Expression of Wish forms*

**Clarify** the relevant issues and options

## (10) PENSION SCHEME RETIREMENT BENEFITS

- **Demonstrate** an understanding of when a member can retire from a scheme and the different options available

**Explain** retirement options and how they work in the following situations:

- *serious ill-health*
- *ill-health*
- *early retirement*
- *late retirement*

- **Demonstrate** an understanding of the issues surrounding relevant medical information in ill-health early retirement situations

**Explain** the importance of gathering relevant medical information and the sensitivities involved in processing it appropriately

- **Demonstrate** an understanding of the options available in DC schemes

### **Explain:**

- *how cash payments are calculated and taxed*
- *the pros and cons of annuities in comparison with taking cash*
- *the longer term implications of taking the whole benefit as cash*
- *flexible benefits and the information requirements including Pension Wise*

**Analyse** the implications of deferring annuity purchase and leaving funds in the scheme or transferring to a drawdown arrangement

- **Demonstrate** an understanding of the concept of commutation

**Consider** the role of the scheme rules and GMPs

### **Explain:**

- *commutation and how it works*
- *how commutation can affect other benefits*
- *trivial commutation*

**Clarify** the operation of commutation in DC schemes, including full commutation from age 55

**Explain** the tax implications of commutation

## (11) ANNUITIES AND PENSION BENEFITS

- **Demonstrate** an understanding of the features and operation of an annuity and how these affect a member

***Classify** the different types of annuity and the features of each*

***Explain** the factors which impact annuity purchase*

***Analyse** the importance and impact of gathering and processing relevant medical information*

***Explain** how the features of an annuity impact member expectations and how these can be managed*

***Consider** the operation of income drawdown and the options available*

## MEMBER INTERACTION MODULE (ONE IN TOTAL)

## (12) COMMUNICATING WITH PENSION SCHEME MEMBERS SEEKING GUIDANCE

- **Demonstrate** the appropriate skills when dealing with members

***Apply** and use communication methods and skills for member communications in various scenarios (joining, leaving, transferring, divorce, death, retirement and annuitisation)*

***Consider** the need for, and use when appropriate, the following skills:*

- *effective listening*
- *sensitivity*
- *decision making*
- *questioning*
- *interpersonal and communication*
- *dealing with complaints*