

# Trusteeship

Award in Pension Trusteeship



Specification 2021

## THE PENSIONS MANAGEMENT INSTITUTE

Founded in 1976, the Pensions Management Institute (PMI) is the UK's largest and most recognisable professional body for employee benefit and retirement savings professionals, supporting over 7,000 members in 32 countries.

PMI's members, represented throughout the UK, are responsible for managing and advising some of the largest institutions in the world accounting for £1 trillion invested in pensions. We promote excellence through a range of services for the benefit of members, the wider economy and with over six million now saving as a result of automatic enrolment, society as a whole.

The purpose of the Institute is "To set and promote standards of excellence and lifelong learning for employee benefits and retirement savings professionals and trustees through qualifications, membership and ongoing support services".

To achieve this, the PMI:

- Promotes and embeds professional standards, setting the benchmarks for best practice in the employee benefits and retirement savings industry
- Produces qualifications that have a reputation for excellence and ensure that employee benefits and retirement savings professionals, whether they are scheme managers, consultants, administrators or trustees, are educated to the very highest standards and the latest legislation
- Provides continued lifelong learning designed to strengthen the knowledge and skills of employee benefit and retirement savings practitioners in performing to the best of their ability
- Plays a pivotal role shaping the industry, working with government and collaborating with other bodies on research and thought leadership on key issues
- Presents an annual conference and a wide range of technical seminars from entry-level to those for highly experienced professionals
- Provides industry-leading insight, including PMI News, PMI TV, newsletters and blogs to keep practitioners abreast of the very latest developments in a rapidly changing industry
- Proactively has a voice in mainstream and social media with a presence on Twitter and LinkedIn

## PMI Qualifications

The PMI is the UK's leading professional body for those working in the field of employee benefits and retirement savings. It supports and develops the experts who are responsible for running the UK's pensions industry and is acknowledged as the body for establishing, maintaining and improving professional standards in every area of pension scheme management, consultancy and trusteeship.

PMI qualifications are recognised for both their depth and their standing within the industry. If you choose a single unit, standalone qualification, or a multi-unit qualification over a number of years, it is recognised by the Pensions Industry as having the depth and rigour to demonstrate the knowledge and expertise of those taking them.

## Syllabuses

Each syllabus area is presented in a form which is intended to give an indication of the depth and breadth of knowledge which is required. Each syllabus area is divided into sections with an initial statement, or learning outcome, indicating what is expected of learners and some notes in italics which give an indication of the way in which the initial statement should be interpreted.

The initial statement and notes 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:

**analyse** – interpret and examine in detail

**define** – make clear the exact meaning

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

**describe** - give a detailed account of distinguish - mark the difference between evaluate – determine the value

**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

**compare and contrast** – give examples that highlight different approaches to the same theme, discussing how they work, and how they deliver in their respective circumstances

**evaluate** – as an outcome of different approaches, provide evidence of a potential 'best practice' method, or what works well, given the evidence created, in certain situations

This is then further broken down into Assessment Criteria. Assessment Criteria are descriptive statements that provide learners and instructors with information about the qualities, characteristics, and aspects of a given learning task. Fundamentally, they specify clearly the standards that must be met and what evidence will be used to show achievement of learning outcomes

## Support and Recognition

These qualifications have been developed with the support of centres who are currently delivering qualifications at this level, or who plan to do so in the future, and from the Industry bodies that support Pension Trustees in the United Kingdom.

## Programme Structures

The programme structures specify:

- The total credit value of the qualification
- The minimum credit to be achieved at the level of the qualification
- The core units and additional units
- The rules of combination across levels

### Structure of the PMI Level 3 Award in Pension Trusteeship (RQF)

Unit number	Mandatory core unit	Unit level	Unit credit
1	Pension Trusteeship	3	10

This qualification comprises of one mandatory unit.

The Unit covers three separate areas.

1. Law and pensions overview
2. Investment and funding issues for defined contribution and defined benefit pensions
3. Scheme management issues for defined contribution and defined benefit pensions

Assessment is via a single Synoptic Multiple Choice Examination of 60 questions in 90 minutes.

This unit can be taken as a standalone unit and will be certificated as the **Award in Pension Trusteeship**.

### Recommended Study Time

This is also known as Total Qualification Time (TQT).

TQT is a measure required by Ofqual the qualifications regulator and is comprised of:

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

<b>Guided learning hours (GLH)</b>	<b>3.5 (to include revision courses)</b>	
<b>Self-study (SS)</b>	<b>95</b>	
<b>Formative Assessment</b>	<b>0</b>	<b>Total Assessment Time (TAT)</b>
<b>Summative Assessment</b>	<b>1.5</b>	
<b>Total Qualification Time</b>	<b>100 Hours (GLH+SS+TAT)</b>	

# APT Content

Unit 1 – Pension Trusteeship				
Unit Aims				
To provide formal recognition of a trustee's knowledge and understanding (TKU) in line with the requirements of the Pensions Act 2004.				
<b>Unit Level</b>	3	<b>Credit Value</b>	10	<b>Unit Reference</b>
<b>TQT</b>	100	<b>Unit Grading Structure</b>	Pass/Fail	
<b>Assessment Guidance</b>	A Multiple Choice Exam of 60 questions in 90 minutes			
<b>Learning Outcomes – The Learner will:</b>		<b>Assessment Criteria – The Learner can:</b>		
1. Understand the law relating to trusts.	1.1	Understand the Basic Concepts of a Trust and Reasons for a Trust.		
	1.2	Understand the Creation of a Trust.		
	1.3	Understand the Beneficiaries of a Trust.		
	1.4	Analyse Fitness and Properness to Act as a Trustee.		
	1.5	Analyse Trustees Taking Office.		
	1.6	Analyse Trustees Ceasing to Hold Office.		
	1.7	Understand Fiduciary Duties.		
	1.8	Demonstrate an Awareness of the Organisation of Trustees.		
	1.9	Understand Professional Advice and Decision Making.		
	1.10	Understand the Role of Advisers and Service Providers.		
	1.11	Understand Conflicts of Interest.		
	1.12	Analyse the Role of Advisers and Use of Advisers where a Scheme or Employer is under threat or in wind up.		
	1.13	Understand Investing Funds.		
	1.14	Understand Operating under Trust Deed and Rules and Subsequent Amendments.		
	1.15	Evaluate Trustees' Liabilities and Protections.		
	1.16	Demonstrate an Awareness of the Importance of Sound Governance and Administration.		
	1.17	Understand the Trustees' Powers.		
	1.18	Demonstrate an Awareness of the Balance of Powers between the Sponsoring Employer and the Trustees.		
2. Understand the law and regulatory guidance relating to pensions.	2.1	Demonstrate an Awareness of Occupational Pensions Legislation.		
	2.2	Demonstrate an Awareness that Pension Law may Override the Provisions of the Trust Deed and Impose Obligations on Trustees not existing in the Trust Deed.		
	2.3	Understand Disputes Resolution.		
	2.4	Demonstrate an Awareness of Internal Controls and Sound Administration.		
	2.5	Demonstrate an Awareness of Pensions Related Legislation.		
	2.6	Demonstrate an Awareness of Taxation.		
	2.7	Demonstrate an Awareness of the State Pensions/Occupational Pensions Interface.		
	2.8	Demonstrate an Awareness of the Pensions Regulator.		
	2.9	Demonstrate an Awareness of the Requirement for Employers to offer a Qualifying Scheme for all employees from 2012.		
	2.10	Understand Member Nominated Trustee/Director Requirements.		
	2.11	Understand the Design of DB and DC Schemes.		

3. Understand investment and funding issues for DC and DB pensions	3.1	Evaluate the Capital Market.
	3.2	Demonstrate an Awareness of the Major Asset Classes.
	3.3	Evaluate Overseas Investments.
	3.4	Evaluate Specialised Asset Classes and Methods.
	3.5	Demonstrate an Awareness of With-Profit Insurance Arrangements
	3.6	Understand the methods of Valuing Assets for Actuarial Valuations (DB only).
	3.7	Demonstrate an Awareness of Principles of Funding Defined Benefit Liabilities (DB only).
	3.8	Demonstrate an Awareness of Non-Funded, but usually Insured Scheme, Benefits, sometimes called Risk Benefits.
	3.9	Understand the Different Types of Funding Measurers (DB only).
	3.10	Demonstrate an Awareness of the Importance of Complete, Accurate and Up-To-Date Data and Calculations.
	3.11	Evaluate the Employer's Covenant.
	3.12	Demonstrate an Awareness of the Determination of Contributions (DB only).
	3.13	Understand the Role of the Sponsoring Employer in the Calculation and Collection of Member Contributions (DC only).
	3.14	Evaluate Strategic Investment Allocation.
	3.15	Demonstrate an Awareness of the Characteristics of alternative Asset Classes and Financial Instruments.
	3.16	Analyse the Use of Specialised Investment Techniques (DB only).
	3.17	Understand the Structure of Investment Portfolios.
	3.18	Understand the Selection of Fund Managers.
	3.19	Demonstrate an Awareness of Investment Mandates.
	3.20	Evaluate Investment Mandates.
	3.21	Understand the Nature of Fee Structures.
	3.22	Understand the Nature of Charges (DC arrangements only).
	3.23	Demonstrate an Awareness of the Type of Investments undertaken.
	3.24	Understand Socially Responsible Investment and Corporate Governance
	3.25	Understand Measurements of Performance using Indices, Benchmarks and Targets.
	3.26	Understand the Mechanisms for Monitoring Investment Arrangements and Fund Managers.
	3.27	Demonstrate an Awareness of the Importance of Sound Custody Arrangements.
	3.28	Demonstrate an Awareness of the Importance of Responsible Ownership of Assets.
	3.29	Understand the Myners Principles for the Governance of the Investment Decision Making Process.
	3.30	Demonstrate an Awareness of Defined Contribution Arrangements.
	3.31	Understand Transfers (DB only).
	3.32	Understand Trustees' Discretionary Powers (DB only).
	3.33	Understand the Nature and Status of Professional Advice.
	3.34	Demonstrate an Awareness of the Pension Protection Fund (PPF).

4. Understand a scheme's trust deed and scheme rules.	4.1	Evaluate the Duties, Powers and Discretions of Trustees under a Trust Deed, Scheme Rules and Amendments.
	4.2	Demonstrate an Awareness of the Nature of the Employer/Trustee Relationship and the Effect of the Scheme's Funding Level on the Sponsoring Employer.
	4.3	Evaluate the Balance of Power between Employer and Trustees and When it is Appropriate to Exercise various Trustee Powers (different for DC and DB Schemes).
	4.4	Understand Classes of Members in a Scheme.
	4.5	Understand the Benefits Offered and the Circumstances in which they are Payable and How the Payments are made.
	4.6	Understand Decumulation of Pension Funds (DC only).
5. Understand a scheme's Statement of Investment Principles (SIP).	5.1	Understand the Responsibilities for Decisions preparing a Statement of Investment Principles.
	5.2	Understand the Contents of a Statement of Investment Principles.
	5.3	Evaluate the Investment Objectives of a Fund.
	5.4	Evaluate the Asset Allocation Strategy of a Fund.
	5.5	Demonstrate an Awareness of the Requirement to Monitor and Update a Statement of Investment Principles as appropriate.
6. Understand a scheme's Statutory Funding Objective (SFO) and Statement of Funding Principles (SFP) (DB only).	6.1	Understand a Scheme's Statutory Funding Objective.
	6.2	Understand the Responsibilities for Preparing a Statement of Funding Principles.
	6.3	Understand the Contents of a Statement of Funding Principles.
	6.4	Understand the Need for Reviewing the Statement of Funding Principles.
7. Understand other relevant scheme documents.	7.1	Understand the Principal Contents of a Scheme Booklet, Announcements and other Member Communications.
	7.2	Understand the Principal Contents of an Actuarial Valuation Report and any Annual Updates.
	7.3	Understand the Value of the Minutes of Previous Meetings.
	7.4	Understand the Contents of Stewardship Reports.
	7.5	Understand a Schedule of Contributions (DB) and any Payment Schedule (DC).
	7.6	Understand the Contents of Internal Control Reports.
	7.7	Understand the Principal Contents of an Annual Report and Accounts.
	7.8	Understand the Principal Terms of any Significant Contract in Respect of Scheme Assets.
	7.9	Understand the Principal Contents of any Trustee Approved Procedures.
	7.10	Understand the contents of a Statement of Compliance with the Myners' Principles.
	7.11	Understand the Principal Contents of the Memorandum and Articles of Association of a Corporate Trustee.
	7.12	Understand the Principal Elements and Features of a Scheme Business Plan.
	7.13	Understand the Important Components of the Job Descriptions for the Chair and for other Trustees.
	7.14	Demonstrate an awareness of Scams.