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The Advanced Diploma in Retirement Provision: Proposals for Change

Consultation Response

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1. Consultation Overview

Reasons for the Consultation

A consultation was issued on 11 July 2014 setting out proposals for changing the Advanced Diploma. The PMI wants to ensure that the Advanced Diploma continues to meet the objectives of both current and prospective students and employers in terms of structure, syllabus content, study support and methods of assessment. The overall aim of the Advanced Diploma is to provide the required professional knowledge, skills and understanding to enable an individual to undertake a diverse range of roles in the industry. Therefore, the new structure will ensure that a number of specialisms are supported over and above a core knowledge element.

We received a very good response to the consultation and a summary of the feedback and issues raised in relation to specific questions is available from PMI House as a separate document. We would like to thank all those who responded and provided such constructive feedback.

Advanced Diploma Framework from 2016

We are now able to confirm that the 100, 200 and 300 level syllabus that was first examined in April 2006 will be replaced from April 2016. Therefore, the first examinations under the new framework will take place in April 2016.

Transitional Arrangements

Many students will have a number of credits within the current syllabus and indeed previous syllabuses. Therefore, we have devised transitional arrangements for these credits that have been designed to reflect similarity of content and take into account the revisions to the framework. They operate at both the qualification and constituent module/unit level.

The transitional arrangements are outlined in more detail in Section 4 but we would like to reassure students who have already commenced Advanced Diploma examinations that the number of examinations they will be required to complete will not be increased under the new framework.

2. Schedule of Examinations

In view of the revised structure of the Advanced Diploma and feedback received on the frequency of examinations we have reviewed the schedule of examinations. We have also been mindful on the resources available for the provision of examination and study materials. Our long term aim will be to offer all units twice yearly, subject to demand and available resources but this will not be possible from 2016.

The following table summarises the Advanced Diploma Framework from April 2016, the examination formats and outlines the examination frequency:

Post 2016 Framework		Completion Criteria	Examination Format	Examination Session/ Frequency	
Core Units	Core Unit 1A Understanding Retirement Provision (UK)	Either Core Unit 1A or Core Unit 1B must be passed	2 hour multiple choice questions and short answers	Twice a year	
	Core Unit 1B Foundation in International Employee Benefits			Once a year: October	
	Core Unit 2 Regulation of Retirement Provision	Core units 2, 3 and 4 are compulsory		Twice a year	
	Core Unit 3 Running a Workplace Pension Scheme				
	Core Unit 4 Financing and Investing for Retirement Provision				
Tier 1 Specialist Options	Defined Benefit	At least one Tier 1 option must be passed	3 hour written examination		
	Defined Contribution				
Tier 2 Specialist Options	Reward and Retirement Provision	If one Tier 1 option passed then two Tier 2 options must be passed. If both Tier 1 options passed then one Tier 2 option must be passed			Once a year: April
	Taxation, Retail Investment and Pensions				Once a year: October
	Retail Advice and Regulation				Once a year: April
	Managing International Employee Benefits		Once a year: April		
Compulsory Unit	Professionalism and Governance	Compulsory for Advanced Diploma	TBC	Twice a year	

The content and coverage of each unit has been reviewed and units rebranded as appropriate. The latest outline syllabuses for each unit are provided in Appendix 2 but should be considered indicative at this stage as we anticipate some minor changes as they are

reviewed and updated in line with legislative developments, consultation with our study support partners and relevant regulators.

3. Diploma Level Qualifications from 2016

The Advanced Diploma framework includes several Diploma level qualifications that can be obtained en route to the Advanced Diploma. It has also been a requirement to complete the Retirement Provision Certificate prior to completing the Advanced Diploma. As proposed, this requirement will be removed from 2016 and will be replaced by the compulsory core units.

The new framework will continue to include several Diploma level qualifications alongside the Advanced Diploma.

The table below summarises the other Diploma level qualifications within the Advanced Diploma framework and the changes to them from 2016. Further details on these Diplomas, how they are impacted by transitional arrangements and how they link to PMI membership are contained later in this document.

Certificate / Diploma	Units Required	
<i>Retirement Provision Certificate (RPC)</i>	<i>RPC</i>	<i>Retirement Provision Certificate</i>
<i>Diploma in Employee Benefits & Retirement Savings (DEBRS)</i>	<i>CU1A CU2</i>	<i>Understanding Retirement Provision Regulation of Retirement Provision & Reward and Retirement Provision</i>
<i>Diploma in Retirement Provision (DRP)</i>	<i>CU1A CU2 CU3 CU4</i>	<i>Understanding Retirement Provision Regulation of Retirement Provision Running a Workplace Pension Scheme Financing and Investing for Retirement & Defined Benefit OR Defined Contribution</i>
<i>Diploma in International Employee Benefits (DipIEB)</i>	<i>CU1B</i>	<i>Foundation in International Employee Benefits & Managing International Employee Benefits</i>
<i>Diploma in Regulated Retirement Advice (DRRA)</i>		<i>Taxation, Retail Investment and Pensions & Retail Advice and Regulation</i>

4. Transitional Arrangements

The following table outlines the transitions between modules and units:

100, 200 and 300 Level Syllabus	2016 onward Syllabus	Notes
Those who have passed Module Number (s)	Will obtain a credit for Unit Name:	
101	Retirement Provision Certificate (RPC)	From 2016 RPC will no longer be a requirement for completion of the Advanced Diploma
201 *	Understanding Retirement Provision (CU1A)	
202	Regulation of Retirement Provision (CU2)	
203	Defined Benefit	
204	Defined Contribution	
205	Financing and Investing for Retirement Provision (CU4)	
206	Taxation, Retail Investment and Pensions	
207 *	Foundation in International Employee Benefits (CU1B)	
301	Reward and Retirement Provision	
302	Running a Workplace Pension Scheme (CU3)	
304	Professionalism and Governance	
305	Managing International Employee Benefits	
306	Retail Advice and Regulation	

The Advanced Diploma together with the corresponding transitional arrangements is illustrated in pictorial form in Appendix 1.

* Any students who have passed both Module 201 and Module 207 (or Module 303) are asked to contact pmiqualifications@pensions-pmi.org.uk

Certificate and Diploma Level Qualification Transitional Arrangements

The following table outlines the modules currently required to attain each qualification and units that will be required from 2016.

100, 200 and 300 Level Syllabus		2016 onward Syllabus		Revised PMI Membership Level Eligibility	Notes
Qualification Name	Modules	Qualification Name	Units		
Retirement Provision Certificate	101	Retirement Provision Certificate	RPC	Holders can apply for Certificate Membership	Candidates of this qualification will become Affiliate members
Diploma in Retirement Provision	101/ 201/ 203/ 204 and 302 or 304	Diploma in Retirement Provision	CU1A/ CU2/ CU3/ CU4 and Defined Benefit or Defined Contribution	No change. Holders can apply for Diploma Membership	
Diploma In Employee Benefits and Retirement Savings	101/ 201/ 301	Diploma in Employee Benefit and Retirement Saving	CU1A/ CU2 and Reward and Retirement Provision	No change. Holders can apply for Diploma Membership	
Diploma in Regulated Retirement Advice	201/ 206/ 306	Diploma in Regulated Retirement Advice	Taxation, Retail Investment and Pensions and Retail Advice and Regulation	No change. Holders can apply for Diploma Membership	
Diploma in International Employee Benefits	207/ 305	Diploma in International Employee Benefits	Foundation in International Employee Benefits and Managing International Employee Benefits	No change. Holders can apply for Diploma Membership	Candidates of the qualification can opt to become Affiliate members and will also become IEBA members

The following table outlines the transition between qualifications for those students with incomplete Diploma level qualifications as at 1 January 2016 (must hold at least 2 of the modules currently required).

Qualification Name	200 and 300 Level Syllabus Modules remaining to complete the relevant Diploma	2016 onward Syllabus Units required	Notes
Diploma in Retirement Provision	201	Understanding Retirement Provision (CU1A) & Regulation of Retirement Provision (CU2)	Must also hold 101 / RPC
	203	Defined Benefit	
	204	Defined Contribution	
	302 or 304	Running a Workplace Pension Scheme (CU3) & Financing and Investing for Retirement Provision (CU4)	
Diploma In Employee Benefits and Retirement Savings	201	Understanding Retirement Provision (CU1A) & Regulation of Retirement Provision (CU2)	Must also hold 101 / RPC
	301	Reward and Retirement Provision	
Diploma in Regulated Retirement Advice	206	Taxation, Retail Investment and Pensions	Must also hold 201
	306	Retail Advice and Regulation	
Diploma in International Employee Benefits	207	Foundation in International Employee Benefits (CU1B)	
	305	Managing International Employee Benefits	

The above arrangements will expire at the end of 2019.

Transitional Arrangements – Dealing with Credit

The current 100, 200 and 300 level syllabus works on a credit based system. 101 gave 60 credits, 200 level examinations gave 100 credits and 300 level credits gave 110 credits. This system was designed to offer flexibility in the choice of options available and only minimal additional requirements were imposed:

- (1) The completion of RPC was essential.
- (2) A minimum of 3 300 level modules were required.

At present 850 credits are required to complete the Advanced Diploma. Therefore, and taking into account the above rules, a typical student sitting RPC, 5 200 level modules and 3 300 level modules would obtain 890 credits. It was announced in 2012 that this total would increase to 890 credits from 2019.

In addition to credits from Advanced Diploma modules it was also possible to obtain credits for other PMI qualifications and also from the Accreditation of Prior Learning (APL) system that recognises other non PMI qualifications. The APL system either awarded credit against a specific Module, e.g. 201, or non module specific credit that could be applied against the 850 total required.

The Advanced Diploma from 2016 will not be credit based. The completion criteria will be defined and only units from within the Advanced Diploma will count. The system of Accreditation of Prior Learning will be revised to operate solely on a specific unit credit basis.

In order to allow for a suitable transition for those who have already embarked on Advanced Diploma studies with credits from other PMI qualifications the following arrangements will be in place:

- (1) All current Students and those who register before the end of 2015, who have completed a non Advanced Diploma related PMI qualification will be able to claim credit according to the below tables.
- (2) All current students and those who register before the end of 2015 who have been awarded non module specific credit on the basis of relevant non PMI qualifications will be able to obtain credit according to the below tables. Those who have been awarded module specific credit will be able to obtain credit in accordance with the standard transitional arrangements.
- (3) Exceptions to the above, or additional requirements, are shown in the relevant table.
- (4) The above arrangements will expire at the end of 2019.

Table A overleaf outlines the application of credit in the 2016 Onwards Syllabus:

Table A

Qualification Name	2016 onward Syllabus No. of credits	Notes/Conditions
Qualification in Pensions Administration "QPA" (not complete)	Will depend on individual QPA units passed – up to 280 credits	Registered prior to 2015
Diploma in Pension Calculations "DPC" (not complete)	Will depend on individual DPC units passed – up to 220 credits	Registered prior to 2015
QPA (complete)	280 credits	
DPC (complete)	220 credits	
Certificate in Pension Calculations (QCF) "CPC" (complete)	100 credits	
Certificate in Pensions Administration (QCF) "CPA" (complete)	100 credits	
Diploma in Pensions Administration (QCF) "DPA" (complete)	200 credits	

1. No credits will be applied in respect of incomplete qualifications (CPC, CPA and DPA) and any other PMI qualifications not listed above.
2. Maximum one qualification to count towards 2016 onward Syllabus no. of credits.
3. **No credits will be applied in respect of any qualifications not completed by the end of 2019.**

Table B below indicates the application of credits from the 100, 200 and 300 level syllabus. NB. Candidates should calculate credit according to Table A (noting the restriction that a maximum of one qualification is to count) and 100, 200 and 300 syllabus rules.

Table B

Number of 2016 onward Syllabus Credits	2016 onward syllabus Unit Specific Credit
Up to 100	CU1
110-220	CU1 & CU2
230 - 300	CU1, CU2 & CU3
310 +	CU1-CU4

All students affected by the credit transitional arrangements should contact qualifications@pensions-pmi.org.uk for a personal transition statement.

The above arrangements will expire at the end of 2019.

5. Next steps

- The new Advanced Diploma framework will be launched from April 2016.
- PMI House is liaising with Study Support Partners to ensure that Study material is available from September 2015.

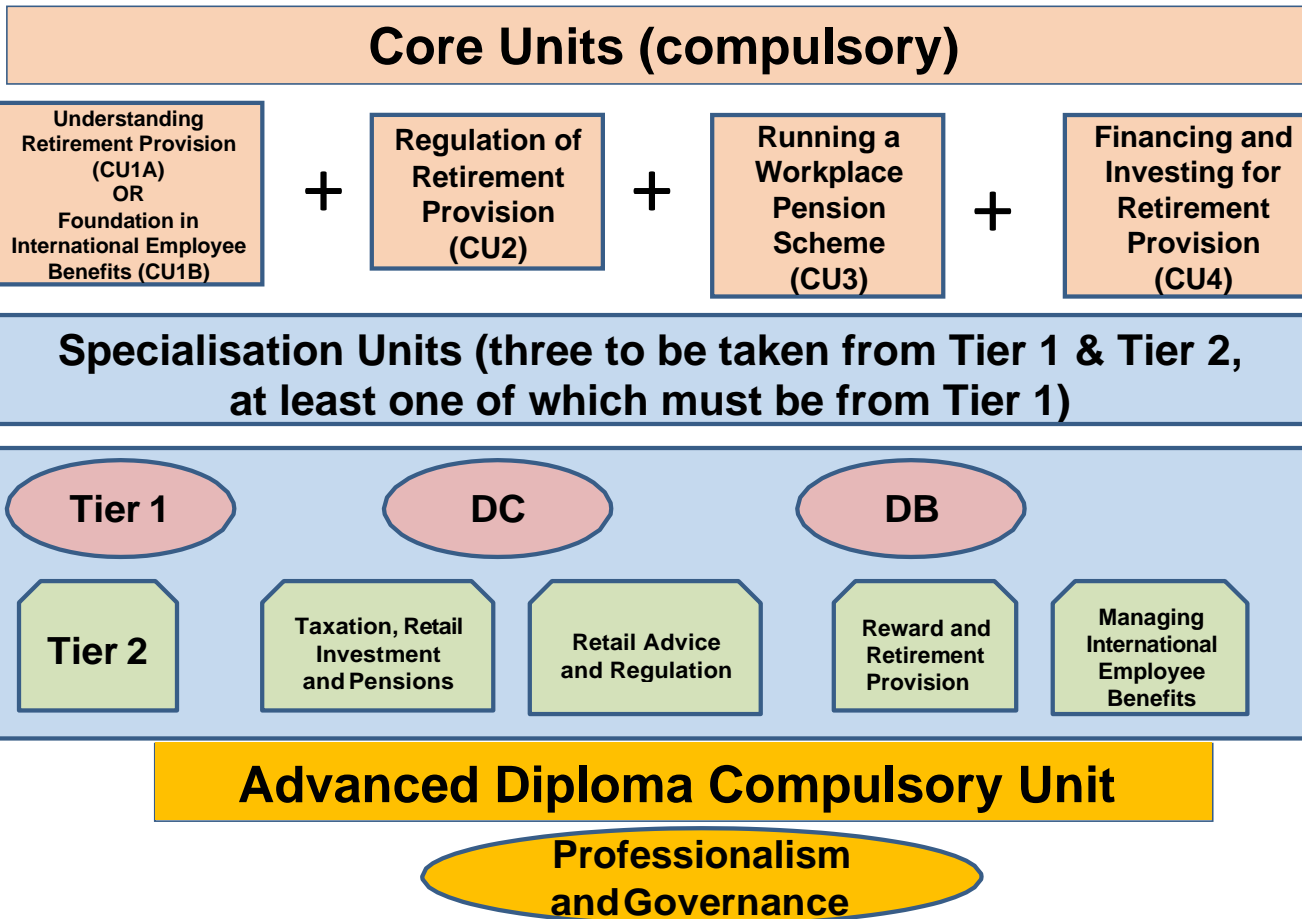
Any comments or queries at this stage can be directed to pmiqualifications@pensions-pmi.org.uk

Appendix 1

Advanced Diploma 2016 units and transition

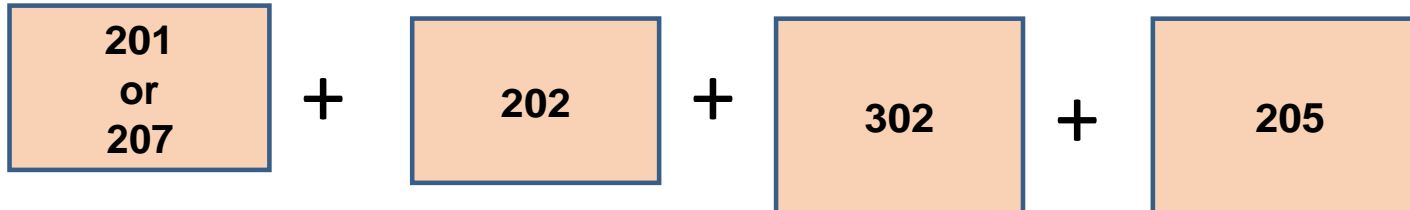
Set out overleaf are pictorial diagrams of the units required to achieve the Advanced Diploma and the modules under the current syllabus which will be considered broadly comparable for transition purposes.

Advanced Diploma in Retirement Provision (Advanced Diploma)

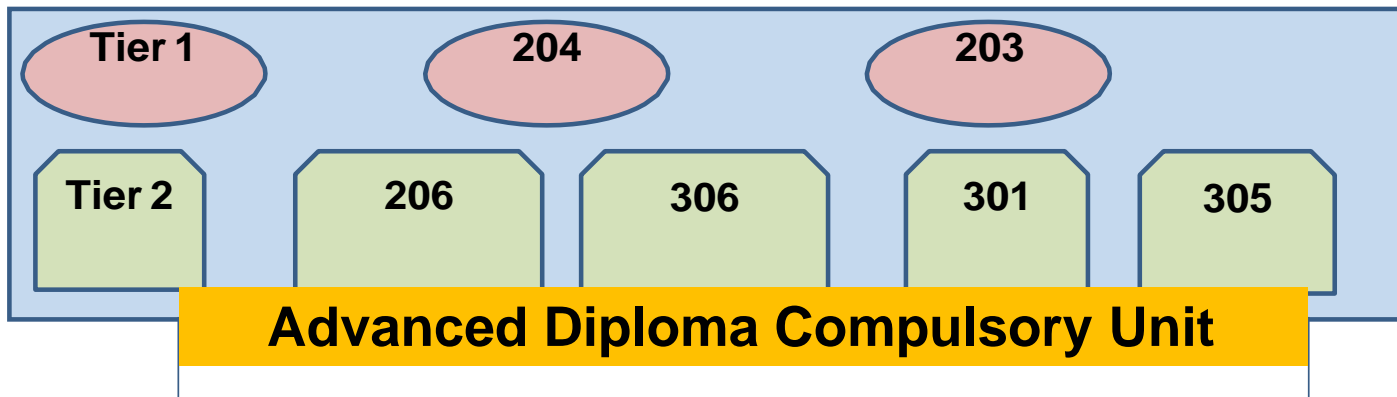


Advanced Diploma in Retirement Provision (Advanced Diploma)

Core Units (compulsory)



Specialisation Units (three to be taken from Tier 1 & Tier 2, at least one of which must be from Tier 1)



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Appendix 2

Advanced Diploma Outline Syllabuses

The latest outline syllabuses for each unit are provided in this Appendix but should be considered indicative at this stage as we anticipate some minor changes as they are reviewed and updated in line with legislative developments, consultation with our study support partners and relevant regulators.

Core Unit 1A - Understanding Retirement Provision (UK)

This unit will provide an introductory overview of retirement provision. Students will be expected to demonstrate an understanding of how workplace pensions have developed, the different types of workplace provision they may come across and how they sit alongside state pension provision. Students will learn about the key features and compliance requirements of automatic enrolment, trusts and contract based provision, and have an introduction to the roles and responsibilities of those involved in running workplace pensions. Students will also learn about personal savings and the options for retirement saving. Finally the unit will look at employee engagement.

Suggested key words for revised syllabus	
relevant historical context	<p>Explain the origins and overview of retirement provision</p> <p><i>State</i> <i>Workplace</i> <i>Individual</i></p>
background to retirement provision	<p>Demonstrate an understanding of the context and the factors which influence the development of retirement provision in the UK</p> <p><i>identify changes to State pension age, State benefits, historic and forthcoming legislation</i> <i>explain flexible retirement and Minimum Income Requirement</i> <i>define demographics</i> <i>outline changing social trends</i> <i>describe balancing work, retirement and income</i> <i>explain different income needs in retirement and options</i></p>
State benefits	<p>Describe the main State retirement benefits an individual might receive from the State and explain how the amounts are calculated</p> <p>define the features of</p> <ul style="list-style-type: none"> • <i>Basic State pension</i> • <i>S2P</i> • <i>Pensions Credit</i> • <i>Single tier pension</i> <p>demonstrate an awareness of other State benefits</p>
Parties involved	<p>Describe the role of the key parties involved in retirement provision, the operation of a workplace pension scheme, their interaction and any conflicts of interest</p> <p>analyse and distinguish between the roles of the following</p> <ul style="list-style-type: none"> • <i>government departments</i> • <i>regulatory bodies</i> • <i>advisers (including legal adviser, investment adviser, scheme actuary and auditor)</i> • <i>members and their dependants</i> • <i>employers/pensions manager, payroll and HR</i> • <i>secretary to the trustees</i> • <i>service providers</i> • <i>investment managers</i> • <i>insurer</i>

	<p>Understand the roles and functions of the bodies that regulate pension schemes and provide assistance or protection to members and employers</p> <p>explain the role of</p> <ul style="list-style-type: none"> • <i>the Pensions Regulator</i> • <i>HM Revenue & Customs</i> • <i>Financial Conduct Authority</i> • <i>Department for Work and Pensions</i> • <i>Financial Services Compensation Scheme</i> • <i>Pension Protection Fund</i>
<p>automatic enrolment</p>	<p>Explain the main features of automatic enrolment and re-enrolment</p> <p>describe automatic enrolment and contractual enrolment</p> <p>define jobholders and workers</p> <p>identify qualifying earnings and pay reference periods</p> <p>identify qualifying schemes and automatic enrolment schemes</p> <p>explain phasing in and staging</p> <p>describe the communication requirements and timescales</p> <p>describe re-enrolment</p> <p>explain compliance and the Pensions Regulator</p>
<p>different methods of providing workplace pensions</p>	<p>Distinguish between the different methods of providing and delivering pensions and the different benefits and options</p> <ul style="list-style-type: none"> • identify the essential features, legal structure, delivery model and characteristics of workplace pension schemes • evaluate occupational pension schemes, personal pensions, stakeholders and SIPPs • identify universal automatic enrolment schemes including master trusts and their roles • explain the roles of the employer, trustees, providers, and employer and provider governance committees

Core Unit 1B – Foundation in International Employee Benefits

Aim

To provide an introduction to the following issues:

- The different employee benefits in an international context and the different ways these are designed, delivered, funded, communicated and administered around the world
- The respective roles of stakeholders involved in the provision of international employee benefits
- Pensions and employee benefit provision in France, Germany, Japan, the Netherlands, the UK, the USA and Switzerland and a regional overview of Europe and North America to highlight the different practices of employee benefit provision
- The legal and regulatory influences of the European Union on pensions/employee benefit design and financing

Learning Outcome	Assessment Criteria
The student will be able to	The student can
1. outline the role of pensions and employee benefits as a key element in total remuneration	analyse the different elements of reward and how these motivate employees explain the role of employee benefits in relation to compensation and relational rewards
2. explain the importance of pensions and employee benefits globally	analyse the reasons why pensions and employee benefits are provided and how these motivations change by country explain the general financial implications of pensions and employee benefit provision
3. demonstrate an understanding of the main employee benefits and the factors influencing the provision of each of them	analyse each of the following <ul style="list-style-type: none"> • pensions/retirement benefits • death and disability benefits • post and pre-retirement medical and health benefits • other long-service and post-employment plans • savings plans • share plans • other benefit-related topics including flexible benefit platforms, wellbeing/wellness and company cars
4. explain the background to pensions and employee benefit provision and describe the different elements of provision	analyse each of the following <ul style="list-style-type: none"> • design • delivery • funding and financing • administration

<p>5. explain and distinguish the roles of different parties involved in the provision of pensions and employee benefits</p>	<p>analyse the roles of each of the following</p> <ul style="list-style-type: none"> • employees • other beneficiaries • international employee benefits managers • corporate HR, finance and risk functions • employee representatives, e.g. works councils, trade unions, • trustees/fiduciaries • local actuaries • local regulators • vendors, including global custodians, investment managers and insurance company/multinational pooling secretariat • advisers • international benefits consultants
<p>6. describe the typical pensions and employee benefit practice and environment and outline the factors influencing pension/benefit design in the selected countries and regions</p>	<p>explain each of the following</p> <ul style="list-style-type: none"> • economic and employment background • social security benefits and financing • compulsory benefits and voluntary plans • delivery of benefits • funding and financing of benefits including investment of plan assets • regulatory and tax framework • administration of benefits

Core Unit 2 - Regulation of Retirement Provision

In this unit the student will study in more detail the regulation of retirement provision including legal aspects and taxation, compliance with regulation and the bodies responsible for defining, monitoring and oversight. This unit also explains where administrators need to focus on compliance issues and how the employee is supported by the financial services industry.

key words for syllabus	
Introduction to registered schemes	<p>Analyse a registered pension scheme and the advantages conferred by registered scheme status</p> <p>outline the Finance Act 2004</p> <p>describe the advantages for</p> <ul style="list-style-type: none"> • contributions • investment • benefits (retirement and death)
Features of tax regime	<p>Understand the context of the principal features of the current tax regime governing registered pension schemes</p> <p>define BCEs and the Lifetime Allowance</p> <p>outline the features of the Annual Allowance</p> <p>identify authorised and unauthorised payments</p>
Taxation of unregistered schemes	<p>Understand the tax treatment of unregistered schemes</p> <p>define Employer Funded Retirement Benefit Schemes</p> <p>define Qualifying Recognised Overseas Pension Schemes</p>
Jurisdiction	<p>Understand the implications of Jurisdiction (England & Wales, Scotland and Northern Ireland) on retirement provision</p> <ul style="list-style-type: none"> • income tax • options on divorce • state pension age
Role and function of relevant bodies	<p>Understand the roles and functions of the bodies that regulate pension schemes and provide assistance or protection to members and employers</p> <p>outline the role and powers of</p> <ul style="list-style-type: none"> • the Pensions Regulator (TPR) • Department for Work and Pensions (DWP) • HM Revenue & Customs (HMRC) • Pensions Ombudsman Service (including PPF) • Financial Ombudsman Service • PPF Ombudsman • The Pensions Advisory Service (TPAS) • Citizens Advice Service (including Citizens Advice Bureau) • The Money Advice Service (MAS) • Pension Protection Fund (PPF) • Financial Conduct Authority (FCA) • Financial Assistance Scheme (FAS) • National Insurance Services to the Pensions Industry (NISPI) • The Information Commissioner • The Pension Tracing Service • Pensions Compensation Board • Pension Schemes Registry

<p>Understand trust law</p>	<p>demonstrate an understanding of the principles of trust law and the role and responsibilities of pension scheme trustees and evaluate why trusts are used in a pensions context.</p> <p><i>identify the main features of a trust</i> distinguish between trust and contract based alternative for workplace pensions <i>identify the different types of trustees</i> analyse the appointment and removal of trustees explain the duties and powers of trustees</p> <ul style="list-style-type: none"> • investment powers • exercise of discretions • delegation • meetings and minutes <p>explain trustees' liability and protection explain trustee knowledge and understanding (TKU) <i>identify notifiable events</i> describe Pensions Regulator Codes of Practice and guidance notes</p> <p>describe the way in which pension schemes are established, the methods for changing trustees and employers and for amending schemes and explain the possible constraints on such amendments</p> <p><i>explain the trust deed and rules</i> outline relevant employee communications explain how the following can be effected</p> <ul style="list-style-type: none"> • changing employers • changing trustees • amending deeds <p>outline the powers of amendment identify overriding legislation and relevant case law analyse the relevant practical considerations explain the process of consultation and notification to members</p>
<p>Sale and purchase</p>	<p>Distinguish between a share sale and a business sale and demonstrate an understanding of the duties of trustees in such situations and the related issues</p> <p><i>explain share sales and business sales (and key differences between them)</i> analyse sale and purchase agreements evaluate past and future service provision (including TUPE) explain the following</p> <ul style="list-style-type: none"> • section 75 debts • anti-avoidance and clearance • apportionment of liabilities • withdrawal arrangements <p>analyse scheme mergers</p>
<p>Duties of the "Scheme Administrator"</p>	<p>Understand the context of the duties imposed on the 'scheme administrator' by the Finance Act 2004</p> <p><i>outline the characteristics of effective record keeping</i> describe information requirements for</p> <ul style="list-style-type: none"> • HMRC • Members • other scheme administrators

Disclosure	<p>Describe the requirements for communication with members</p> <p>explain the requirements for each of the following types of disclosure</p> <ul style="list-style-type: none"> • automatic • on request • e communications/multi media
Introduction to governance	<p>demonstrate an understanding of the importance of a governance structure</p> <p>explain the features of scheme governance</p> <p>outline the roles of the employer, trustees, governance committees and the provider</p> <p>outline the importance of</p> <ul style="list-style-type: none"> • risk management • member communication and engagement • investment and manager selection
other relevant laws	<p>outline other laws which impact on UK pension provision</p> <p>analyse the impact of</p> <ul style="list-style-type: none"> • data protection • divorce, civil partnership and same sex marriages • family law • human rights • equal treatment and discrimination (including age discrimination) • dismissal and redundancy • anti-money laundering and anti-bribery • information and consultation regulation
Current issues	<p>Demonstrate an understanding of current issues</p> <ul style="list-style-type: none"> • Cessation of contracting-out • GMP equalisation • Barber equalisation
Overview of FCA regulation	<p>Understand how companies and individuals working in the pensions field are regulated by the FCA</p> <p>outline the characteristics of</p> <ul style="list-style-type: none"> • statements of principle • financial advice • best advice • treating customers fairly • advertising and promotion • regular reviews of suitability • Retail Distribution Review
Overview of UK financial services	<p>Analyse the UK's financial services industry within an international context</p> <p>describe the role and structure of the UK and international markets</p> <p>explain the impact of EU law</p> <p>define the role of Government in setting economic and industrial policy</p> <p>explain the function of financial services within the wider economy</p>

Regulation and consumer interest	Explain how the consumer is served by the financial services industry <i>describe</i> the role of the providers of financial products <i>explain</i> the relationship between product providers, advisers and consumers <i>analyse</i> the perception of financial services <i>identify</i> the main financial needs and how they are met
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Core Unit 3 – Running a Workplace Pensions Scheme

By completing this unit students will gain a deeper understanding of the tax regime that applies to workplace pensions. It will build on the introduction to regulation contained in unit 2 including the importance of data and data protection, calculation and payment of benefits and the role of technology.

key words for syllabus	
System design	<p>demonstrate an understanding of system design</p> <p>analyse each of the following</p> <ul style="list-style-type: none"> • <i>basic system requirements</i> • <i>contractual enrolment, automatic enrolment and re-enrolment processes</i> • <i>interfaces with payroll and HR</i> • <i>data protection</i> • <i>use of technology</i> • <i>end to end processing</i> • <i>online functionality</i>
Ongoing Workplace Pension Schemes	<p>demonstrate an understanding of ongoing scheme requirements and implications for payroll and HR</p> <p>explain the requirements for each of the following</p> <ul style="list-style-type: none"> • <i>new employees and automatic enrolment</i> • <i>employees opting-out and re-enrolment processes</i> • <i>divorce, court orders and pension credit members</i> • <i>individual bankruptcy</i> • <i>annual renewals and disclosure</i> • <i>record keeping</i> • <i>relevant Pensions Regulator Codes of Practice and guidance notes</i>
Legal requirements – Employer	<p>Demonstrate an understanding of the main features of automatic enrolment</p> <ul style="list-style-type: none"> • explain the concept of staging dates • explain the concept of postponement • distinguish between the different options for Qualifying Schemes • explain the administrative requirements • describe the communication requirements and timescales • explain compliance and the Pensions Regulator
Allowances	<p>describe the procedures required for the different taxation allowances</p> <p>explain the requirements for each of the following</p> <ul style="list-style-type: none"> • <i>Annual Allowance,</i> • <i>Lifetime Allowance</i> • <i>Protection</i>

	<p>demonstrate an understanding of the key features of delivering pension benefits</p> <p>analyse each of the following</p> <ul style="list-style-type: none"> • different service delivery models e.g. outsourcing, co-sourcing, front office/back office, off shoring • organisation of work • key stakeholders – their roles and responsibilities • service delivery models • target setting
<p>Options on leaving</p>	<p>Outline the various benefit crystallisation events when an individual leaves a workplace pension scheme. Understand the advantages and disadvantages, administrative requirements including the provision of guidance and risks associated with different benefit options</p> <p>describe the options on early leaving, refunds, deferred benefits, transfers (in and out)</p> <p>define the options before retirement, including redundancy and ill-health</p> <p>identify the benefits payable on death</p> <p>explain the options available arising from divorce</p> <p>describe the retirement options</p> <ul style="list-style-type: none"> • ill-health retirement • phased retirement • flexible retirement • lump sum options including trivial commutation • income drawdown(capped & flexible) • different types of annuities
<p>Operation of a Pension Scheme Bank account</p>	<p>demonstrate an understanding of Accounts and Treasury requirements</p> <p>explain the requirements for each of the following</p> <ul style="list-style-type: none"> • timing of contribution payments • money transfer processes and authorities • record keeping • reporting • reconciliation processes
<p>Operation of a Pensioner Payroll</p>	<p>demonstrate an understanding of pensioner payroll requirements</p> <p>explain the requirements for each of the following</p> <ul style="list-style-type: none"> • taxation of lump sum options • application of tax codes • accounting for tax deducted • application of pension increases • record keeping • reporting • treatment of overpayments or underpayments and communication • combating identify fraud • responding to guidance such as payments overseas

Internationally mobile employees	<p>from a UK perspective explain the practical benefit considerations to be taken into account when a member moves abroad</p> <p>explain the requirements for each of the following</p> <ul style="list-style-type: none"> • residence overseas before and after retirement including temporary absence abroad • cross border regulations
Current Issues	<p>Demonstrate an understanding of current issues</p> <ul style="list-style-type: none"> • delivery of the Guidance Guarantee • combating Pension Liberation Fraud <p>outline recent developments in legislation and forthcoming changes that will impact on the governance of retirement provision</p> <p>explain the impact of recent developments</p>
Winding up Trust based workplace pension schemes	<p>describe the procedures to be adopted in connection with the winding up of a trust based pension scheme and demonstrate an understanding of the duties of trustees in such situations and related issues</p> <p>outline the interaction with the employer</p> <p>explain scheme termination</p> <p>define the procedure for wind up</p> <p>explain the issue of company insolvency</p> <p>analyse the termination of contracting out</p> <p>describe the purchase of annuities on termination</p>
	<p>Understand the main features of employee engagement with saving for retirement</p> <p>outline the importance of effective communication and identify the different methods</p> <p>distinguish between statutory disclosure requirements and those arising from best practice</p>
	<p>describe the scheme level administration requirements</p> <p>explain the requirements for each of the following</p> <ul style="list-style-type: none"> • bank accounts and cash management • annual report and accounts, scheme accounting and audit • annual renewals
	<p>describe the procedures to be adopted in connection with the winding up of a pension scheme and demonstrate an understanding of the duties of trustees in such situations and related issues</p> <p>define the procedure for wind up</p> <p>explain the issue of company insolvency</p> <p>outline the role of</p> <ul style="list-style-type: none"> • Pension Protection Fund • Financial Assistance Scheme <p>analyse the termination of contracting out</p>

Core Unit 4 - Financing and Investing for Retirement Provision

The fourth compulsory core unit focuses on how employers and employees pay for their workplace pensions and looks at the difference between DB and DC. The topics covered will include the factors to be taken into consideration which will drive strategy and accounting and tax issues. At a detailed level this will include covering an introduction to investment, default funds, risk and return.

<p>Suggested key words for revised syllabus</p>	
<p>Overview of financing pensions</p>	<p>Understand how workplace pension schemes are financed</p> <p><i>describe employer and employee contributions</i> <i>explain tax relief</i> <i>outline the features of AVCs</i> <i>outline pay as you go schemes</i> <i>describe unfunded schemes</i></p>
<p>Reasons for funding</p>	<p>demonstrate an understanding of the principal reasons why retirement benefits are funded</p> <p><i>analyse the following</i></p> <ul style="list-style-type: none"> • <i>security</i> • <i>stability and cash flow</i> • <i>taxation</i> • <i>legislation</i> • <i>accounting practices</i> <p><i>explain the funding of public sector schemes</i></p>
<p>Financial administration</p>	<p>Explain the financial administration of workplace pension schemes</p> <p><i>explain the following aspects</i></p> <ul style="list-style-type: none"> • <i>contribution management</i> • <i>money handling</i> • <i>tax</i> • <i>investment records</i> • <i>scheme accounts</i> • <i>accounting standards</i> • <i>audit</i>
<p>Regulation and Investment</p>	<p>understand the legislative environment for investments</p> <p><i>explain the impact of/for the following</i></p> <ul style="list-style-type: none"> • <i>FSMA 2000</i> • <i>PA04</i> • <i>The Pensions Regulator</i> • <i>Pension Protection Fund</i> • <i>trustee report and accounts</i> • <i>self investment</i>

<p>Types of Investments</p>	<p>understand the different types of investments available to pension funds, explain their differences and availability for different types of retirement provision.</p> <p>analyse the nature of equities</p> <ul style="list-style-type: none"> • UK • overseas • new issues and underwriting <p>analyse the nature of bonds</p> <ul style="list-style-type: none"> • fixed interest – government / corporate, overseas, high-yield and emerging market debt • index linked • new issues and underwriting <p>outline the other assets available</p> <ul style="list-style-type: none"> • property • cash • currency and currency hedging • derivatives • private equity • commodities • absolute return funds • target date funds • diversified growth funds • infrastructure • insurance policies • pooled investment vehicles • ethical and socially responsible investment • buy outs/ins, with profits, annuities
	<p>describe the tax treatment of scheme investments</p> <p>analyse each of the following</p> <ul style="list-style-type: none"> • investment income/capital gains • stock lending/underwriting • property • futures/options/swaps • overseas investments • income from trade
<p>Investment strategy</p>	<p>explain the considerations when an individual is determining their investment strategy for retirement</p> <p>analyse the impact of the following</p> <ul style="list-style-type: none"> • life expectancy • income needs in retirement • expected retirement age • size of existing fund & future contributions • investment funds available including lifestyle and default • attitude to risk • role of regulation and legislation

	<p>describe what factors should be taken into account when determining a trust based scheme's overall investment strategy</p> <p>analyse the impact of the following</p> <ul style="list-style-type: none"> • member demographics • size and type of scheme • strength of employer covenant • role of regulation and legislation • employer and trustee attitude to risk • risk management • SIP/Myners investment principles • de-risking strategies
<p>Investment Management</p>	<p>distinguish between the various approaches to investment management and outline how, why and which size and type of scheme each might be used</p> <p>analyse and evaluate the following</p> <ul style="list-style-type: none"> • segregated and pooled funds • active and passive management • balanced and specialist management • multiple manager appointments • manager of managers • in house management • delegated • fiduciary
	<p>outline factors taken into consideration when selecting, monitoring and changing investment managers</p> <p>explain each of the following:</p> <ul style="list-style-type: none"> • identify needs • manager selection process • custody and title of assets • fee structure • setting performance targets • ethical and socially responsible investment • investment management agreements • administration • transition management • monitoring and governance
	<p>outline the role of custodians</p> <p>explain the range of services offered by custodians</p>

Defined Benefit Unit

This unit would provide an in depth coverage of trust based DB arrangements including investment strategy and the selection of asset classes. The student will be expected to build on and utilise the knowledge they have gained in the core units to show that they can apply this in a variety of scenarios, recognising the requirements of different stakeholders. As well as testing the student's knowledge this unit will also test their ability to communicate complex workplace pensions issues.

key words for syllabus	
Background	<p>demonstrate an understanding of the factors which influenced defined benefit scheme design and the trend for new arrangements to be Defined Contribution schemes.</p> <p>explain the impact of the following</p> <ul style="list-style-type: none"> • employer needs • employee needs • legislation • history/legacy/TUPE issues • State provision • administrative considerations • eligibility conditions, contractual enrolment & auto-enrolment • design of contribution structures • salary sacrifice and its application • new developments
Different types of arrangements	<p>understand the different types of DB arrangements and current trends</p> <p>analyse each of the following workplace arrangements</p> <ul style="list-style-type: none"> • Final salary • Career Average • Defined Ambition <p>analyse individual and executive arrangements</p>
Taxation	<p>demonstrate an understanding of certain key features of the tax system that apply to defined benefit schemes</p> <p>analyse the impact of the following</p> <ul style="list-style-type: none"> • tax relief on contributions and investment return • authorised and unauthorised payments • Annual Allowance • Lifetime Allowance <ul style="list-style-type: none"> ○ protection ○ Benefit Crystallisation Events ○ registration and de registration ○ scheme pays
Governance	<p>identify the roles of the employer and trustees</p> <p>evaluate the importance of</p> <ul style="list-style-type: none"> • legal requirements • good governance and best practice including the voluntary “Code of Good Practice” on Incentive Exercises • governance and impact on member outcomes

	<p>evaluate each of the following</p> <ul style="list-style-type: none"> • selection, appointment, management, monitoring and review of advisers, delivery vehicles and providers
Abolition of Contracting out	<p>demonstrate an understanding of the impact of the abolition of contracting out</p> <p>explain the requirements for each of the following</p> <ul style="list-style-type: none"> • historic requirements • changes to scheme design • reporting requirements (leavers; retirements; solvency) • GMP equalisation/reconciliation/convergence • cessation
Ongoing DC AVC Scheme administration	<p>describe the scheme level requirements for the administration of DC AVC arrangements</p> <p>explain the requirements for each of the following</p> <ul style="list-style-type: none"> • objectives of DC administration • contribution and investment processing cycle • legislative requirements for member contributions • fund values • reconciliation procedures
Scheme member administration	<p>Active, Deferred and Pensioner members</p> <ul style="list-style-type: none"> • communication <ul style="list-style-type: none"> ○ disclosure ○ Annual Allowance statements ○ AVC Statutory Money Purchase Illustrations • AVC Investments <ul style="list-style-type: none"> ○ Switching/redirection ○ charges <p>options on early leaving,</p> <ul style="list-style-type: none"> • refunds • deferred benefits, • transfers (in and out) including public sector restrictions <p>retirement options</p> <ul style="list-style-type: none"> • ill-health retirement • phased retirement • flexible retirement • lump sum options including trivial commutation • open market option and different types of annuities
Scheme Financing	<p>demonstrate an understanding of the legal requirements relating to the funding of registered pension schemes and the practical issues to which they can give rise</p> <p>describe and explain the principles of scheme financing</p> <p>outline scheme specific funding</p> <p>analyse funding objectives and measurement</p> <p>explain the following:</p> <ul style="list-style-type: none"> • financial and demographic assumptions • calculations of contribution rates • the treatment of types of asset and liability • use of contingent assets • setting factors for early/late retirement commutation, transfer factors

	<ul style="list-style-type: none"> • <i>the calculation of individual and group transfer values</i> • <i>actuarial valuations and reports</i> • <i>the role of the Pensions Regulator</i> <p>outline annual funding statements explain the significance of employer covenant define recovery plans and the schedule of contributions outline company accounting standards for pension schemes</p>
	<p>identify and distinguish between different methods of actuarial funding</p> <p>analyse each of the following</p> <ul style="list-style-type: none"> • <i>projected unit method</i> • <i>attained age method</i> • <i>discontinuance</i> • <i>Section 179 Pension Protection Fund basis</i> • <i>IAS 19</i>
Investment strategy	<p>describe what factors should be taken into account when determining a defined benefit fund's overall investment strategy</p> <p>analyse the impact of the following</p> <ul style="list-style-type: none"> • <i>size of scheme, funding level</i> • <i>strength of employer covenant</i> • <i>role of regulation and legislation</i> • <i>employer and trustee attitude to risk</i> • <i>cash flow requirements</i> • <i>liability profile</i> • <i>asset/liability modelling</i> • <i>liability driven investment</i> • <i>asset allocation</i> • <i>risk management</i> • <i>SIP/Myners investment principles</i> • <i>de-risking strategies</i>
	<p>demonstrate an understanding of the approaches to managing risk, de-risking and the advantages and disadvantages of each</p> <p>define and analyse the current approaches:</p> <ul style="list-style-type: none"> • <i>buy in/buy out</i> • <i>longevity swaps</i> • <i>liability driven investment</i>
PPF Levy	<p>Demonstrate an understanding of the PPF levy</p> <p>describe and explain</p> <ul style="list-style-type: none"> • <i>the purpose of the PPF levy</i> • <i>the calculation basis and issues arising</i>

<p>Restructuring a defined benefit scheme</p>	<p>demonstrate an understanding of the stages of restructuring a defined benefit scheme</p> <p>analyse each of the following</p> <ul style="list-style-type: none"> • reviewing benefit design • de risking • changing future benefit structure • closing to new entrants • ceasing future accrual • operating as a closed scheme • winding up • cessation of contracting out
<p>Winding up Trust based workplace pension schemes</p>	<p>describe the procedures to be adopted in connection with the winding up of a pension scheme and demonstrate an understanding of the duties of trustees in such situations and related issues</p> <p>outline the interaction with the employer</p> <p>explain scheme termination</p> <p>define the procedure for wind up</p> <p>explain the issue of company insolvency</p> <p>outline the role of</p> <ul style="list-style-type: none"> • Pension Protection Fund • Financial Assistance Scheme <p>analyse the termination of contracting out</p> <p>describe the purchase of annuities on termination</p>
<p>Pension Protection Fund</p>	<p>describe the process to be followed for a pension scheme's journey into the Pension Protection Fund and demonstrate an understanding of the duties of trustees in such situations and related issues</p> <p>explain the stages in the process</p> <ul style="list-style-type: none"> • Section 120 notice • Assessment period • Transition • Compensation • Entry to the PPF • Communication • Project management • timescales
<p>Challenges created by Legacy Issues</p>	<ul style="list-style-type: none"> • administering legacy arrangements • contracting out • reporting requirements • data standards • resolution of data discrepancies

Defined Contribution Unit

This unit provides an in depth coverage of trust and contract based DC arrangements including investment strategy and the selection of asset classes and individual investments. The student will be expected to build on and utilise the knowledge they have gained in the core units to show that they can apply this in a variety of scenarios, recognising the requirements of different stakeholders. As well as testing the student's knowledge this unit will also test their ability to communicate complex workplace pensions issues.

key words for syllabus	
Background	<p>demonstrate an understanding of the factors which influence DC arrangement design and their influence on administration</p> <p>explain the impact of the following</p> <ul style="list-style-type: none"> • employee needs • employer strategy • history/legacy/TUPE issues • legislation • State provision • administrative considerations • eligibility conditions, contractual enrolment & auto-enrolment • design of contribution structures • salary sacrifice and its application • charging structures • new developments
Legislative developments	<p>outline recent developments in legislation and forthcoming changes that will impact on DC pension provision</p> <p>explain the impact of recent developments</p> <ul style="list-style-type: none"> • Finance Act 2014 • Taxation of Pensions Act 2014 • Pension Schemes Act 2014 • Guide to the Regulation of Workplace DC pensions • Transparency of costs and charges • Better workplace pensions: Further measures for savers and Putting savers' interests first • Governance and administration of occupational defined contribution trust-based schemes (Code of Practice 13) • Statement of Recommended Practice "SORP" (2014)
Different types of arrangements	<p>understand the different types of DC arrangements and current trends</p> <p>analyse each of the following workplace arrangements</p> <ul style="list-style-type: none"> • trust based • contract based • group arrangements • employer sponsored • master trusts • bundled or unbundled arrangements <p>analyse individual and executive arrangements</p>

Taxation	<p>demonstrate an understanding of certain key features of the tax system that apply to DC arrangements</p> <p>analyse the impact of the following</p> <ul style="list-style-type: none"> • tax relief on contributions and investment return • authorised and unauthorised payments • Annual Allowance and Money Purchase Annual Allowance • Lifetime Allowance <ul style="list-style-type: none"> ○ protection ○ Benefit Crystallisation Events ○ registration and de registration ○ scheme pays
Governance	<p>identify the roles of the employer, trustees, providers and employer and provider governance committees and distinguish between trust based and contract based pension arrangements.</p> <p>evaluate the importance of</p> <ul style="list-style-type: none"> • legal requirements • good governance and best practice • governance and impact on member outcomes • value for money <p>evaluate each of the following</p> <ul style="list-style-type: none"> • structures / trustee (ie DC sub-committee / Mastertrust), employer and provider governance committees • bundled and unbundled DC delivery vehicles • selection, appointment, management, monitoring and review of advisers, delivery vehicles and providers
Ongoing Scheme administration	<p>describe the scheme level requirements for the administration of DC arrangements</p> <p>explain the requirements for each of the following</p> <ul style="list-style-type: none"> • objectives of DC administration • contribution and investment processing cycle • legislative requirements for member contributions • fund values • reconciliation procedures
Scheme member administration	<p>Active and Deferred members</p> <ul style="list-style-type: none"> • communication <ul style="list-style-type: none"> ○ disclosure ○ Annual Allowance statements ○ Statutory Money Purchase Illustrations • Investments <ul style="list-style-type: none"> ○ Switching/redirection ○ charges <p>options on early leaving,</p> <ul style="list-style-type: none"> • refunds and cessation of short-service refund option • deferred benefits, • transfers (in and out) and “pot follows member”

	<p><i>retirement options</i></p> <ul style="list-style-type: none"> • <i>ill-health retirement</i> • <i>phased retirement</i> • <i>flexible retirement</i> • <i>lump sum options including trivial commutation</i> • <i>income drawdown(capped & flexible)</i> • <i>uncrystallised funds pension lump sum</i> • <i>open market option and different types of annuities</i>
Investment	<p>describe what factors should be taken into account by employers, trustees and governance committees when determining investment strategy</p> <p>analyse the impact of the following</p> <ul style="list-style-type: none"> • <i>member demographics</i> • <i>range of funds</i> • <i>lifestyle options</i> • <i>investment platforms</i> • <i>default funds</i> • <i>SIPs/Myners investment principles</i>
	<p>understand the investment considerations</p> <p>analyse each of the following</p> <ul style="list-style-type: none"> • <i>default funds and their review</i> • <i>charging</i> • <i>risk</i> • <i>switching/redirection</i> • <i>lifestyle strategies</i> • <i>types of investment management</i> • <i>monitoring performance</i> • <i>new investment vehicles</i>
Challenges created by Legacy Issues	<ul style="list-style-type: none"> • <i>administering legacy arrangements</i> • <i>DC contracting out</i> • <i>reporting requirements</i> • <i>data standards</i> • <i>resolution of reconciliation discrepancies</i>

Reward and Retirement Provision Unit

It is important that our students not only understand workplace pensions but the importance of these to the employer and the employee and the role of retirement provision in the wider rewards strategy. This unit will look at this from the employer perspective covering the cost of workplace savings and the impact on engagement. Students will also study, in more depth, the importance of communication in engagement and how rewards strategies may develop in the future.

key words for syllabus	
Background	Terms & Useful info
Development of a total rewards strategy	<p>outline the factors to be taken into consideration when developing a total rewards strategy</p> <p>explain the impact of the following</p> <ul style="list-style-type: none"> • employee demographics • globalisation • cost • market position • recruitment and retention • automatic enrolment • employee and employer perspective • removal of the default retirement age • declining State benefits • communication of employee benefits <ul style="list-style-type: none"> • methods • advantages and disadvantages • employee behaviour • the Pensions Regulator's guidance • roles and their interaction • HR, payroll, pensions, finances • data flows • selecting and managing providers and advisers
Employer perspective	<p>demonstrate an understanding of the employer perspective in relation to a total rewards strategy including oversight responsibility</p> <p>explain the development of rewards strategies including the needs of an ageing population</p> <p>outline the tax implications</p> <p>outline the pension benefit implications including combining with a corporate wrap</p>
Elements of a Rewards package	<p>outline the elements that employers may use as part of their rewards package</p> <p>analyse each of the following</p> <ul style="list-style-type: none"> • income protection schemes • critical illness schemes • health care scheme • personal accident benefits • sabbatical • career breaks • child care • dental/optical cover • retail vouchers • other elements

<p>Establishment and maintenance of a rewards package</p>	<p>explain the main features of establishing and maintaining the rewards package</p> <p>explain the impact of the following</p> <ul style="list-style-type: none"> • <i>employee engagement and communication</i> • <i>broking benefits</i> • <i>timing</i> • <i>benefit evaluation</i>
<p>Company share schemes</p>	<p>explain the purpose and principal features of company share schemes</p> <p>analyse each of the following</p> <ul style="list-style-type: none"> • <i>SAYE share option schemes</i> • <i>Share Incentive Plans</i> • <i>executive share option scheme</i> • <i>profit sharing schemes</i> • <i>employee share ownership plans</i> • <i>unapproved share schemes</i> • <i>tax treatment</i> • <i>capital gains tax</i> • <i>overseas sponsor</i>
<p>Remuneration, bonuses and salary sacrifice</p>	<p>explain the concept of remuneration as part of a rewards package</p> <p style="text-align: center;"><i>remuneration</i> <i>bonus schemes</i></p> <p>demonstrate an understanding of the principles of salary/bonus sacrifice</p> <p>analyse each of the following</p> <ul style="list-style-type: none"> • <i>reasons for adopting salary/bonus sacrifice</i> • <i>criteria to be an effective sacrifice arrangement</i> • <i>scheme design considerations</i> • <i>National Insurance saving to employer/employee</i> • <i>effect on State benefits</i> • <i>communication to employee</i> • <i>tax implications</i> • <i>contract of employment implications</i>
<p>Flexible benefits</p>	<p>demonstrate an understanding of flexible benefits</p> <p>analyse each of the following</p> <ul style="list-style-type: none"> • <i>reasons for offering flexible benefits</i> • <i>designing a flexible benefits package</i> <ul style="list-style-type: none"> ○ <i>core benefits</i> ○ <i>degree of flexibility</i> ○ <i>delivery of a flexible benefits package</i> ○ <i>employee communications</i> <p>explain each of the following</p> <ul style="list-style-type: none"> • <i>the impact of automatic enrolment</i> • <i>retirement provision options</i> <ul style="list-style-type: none"> ○ <i>additional contributions</i> ○ <i>salary sacrifice</i> ○ <i>rates of accrual</i> • <i>taxation implications and effect on State benefits</i> • <i>contract of employment implications</i>

<i>Tax charges</i>	outline the impact of tax charges for individuals analyse each of the following <ul style="list-style-type: none">• disguised remuneration• cash alternatives• ill health
<i>Future developments</i>	outline future developments

Taxation, Retail Investment and Pensions Unit

To develop an understanding of the nature of pension arrangements, retail investments together with the fundamentals of the UK tax system.

Key words for syllabus	
UK tax system	<p>Understand the context of the UK tax system and its impact on individuals and trusts, including liability, collection and computation</p> <p>describe the main features of</p> <ul style="list-style-type: none"> • <i>Income Tax</i> • <i>National Insurance</i> • <i>Capital Gains Tax</i> • <i>Inheritance Tax</i> • <i>Stamp Duty</i> • <i>VAT</i> • <i>Corporation Tax</i>
Macro economic environment	<p>Analyse the nature of the macro economic environment</p> <p>describe the main economic trends</p> <p>explain the globalisation of markets</p> <p>explain the concept of economic and financial cycles</p> <p>define the key economic indicators</p> <p>describe monetary and fiscal policy</p> <p>explain the balance of payments</p> <p>define the role of financial investment</p>
Asset classes	<p>Understand the context of the principal asset classes</p> <p>define the characteristics of</p> <ul style="list-style-type: none"> • <i>equities (UK and Overseas)</i> • <i>bonds (fixed interest and index linked)</i> • <i>cash</i> • <i>property</i> • <i>alternative investments</i> • <i>asset allocation</i>
Taxation of retail financial products	<p>Understand the context and the characteristics and taxation of retail financial products</p> <p>explain the characteristics and taxation of</p> <ul style="list-style-type: none"> • <i>direct and indirect investments</i> • <i>pooled vehicles</i> • <i>derivatives</i> • <i>venture capital trusts</i> • <i>investment trusts</i> • <i>with profits funds</i>

<p>Overview of the options for retirement saving</p>	<p>Demonstrate an understanding of the context and the factors which currently influence retirement saving in the UK</p> <p><i>identify changes to State pension age and State benefits</i> <i>describe balancing work, retirement and income</i> <i>explain flexible retirement</i> <i>describe long term care</i> <i>define demographics</i> <i>outline changing social trends</i> <i>explain the competition for income</i></p>
	<p>Describe the investment vehicles available for retirement saving</p> <p><i>outline the features of</i></p> <ul style="list-style-type: none"> • ISAs • Property • Pensions, including SIPPS <p><i>outline the features of</i></p> <ul style="list-style-type: none"> • corporate wraps
<p>Different methods of providing and delivering pensions</p>	<p>Distinguish between the different methods of providing and delivering pensions</p> <p><i>identify the legal structure and characteristics of workplace pension schemes</i> <i>outline the history of contracting out and its legacy</i> <i>define personal pensions</i></p> <p>Evaluate why trusts are used in a pensions context and the duties of trustees</p> <p>Evaluate what an employer might consider when selecting a trust or contract based arrangement</p> <p>Understand the context and the main types, and principal features, of workplace pension schemes found in both the private and public sectors, and explain the difference between insured and self administered schemes</p> <p>Demonstrate an understanding of the different types of benefit design found in pension schemes</p>
<p>Joining, pension arrangements</p>	<p>Explain the main features of enrolment</p> <p><i>describe automatic enrolment and contractual enrolment</i> <i>define jobholders and workers</i> <i>identify qualifying earnings and pay reference periods</i> <i>identify qualifying schemes and automatic enrolment schemes</i> <i>explain phasing in and staging</i> <i>describe the communication requirements and timescales</i> <i>explain compliance and the Pensions Regulator</i></p>

<p>Leaving and retiring from pension arrangements</p>	<p>Describe the alternatives when an individual leaves a workplace pension scheme</p> <p>describe the options on early leaving define the options before retirement, including redundancy and ill-health describe the retirement options</p> <ul style="list-style-type: none"> • phased • types of annuity • income drawdown <p>identify the benefits payable on death explain the options arising from divorce</p>
<p>Taxation of pension arrangements</p>	<p>Understand the context of the principal features of the current tax regime governing registered pension schemes and the tax treatment of unregistered schemes</p> <p>describe the advantages conferred by registered scheme status for</p> <ul style="list-style-type: none"> • contributions • investment • benefits (retirement and death) <p>identify authorised and unauthorised payments</p> <p>Understand how workplace pension schemes are funded</p> <p>define Employer Funded Retirement Benefit Schemes define Qualifying Recognised Overseas Pension Schemes describe unfunded schemes</p>
<p>Financial Protection</p>	<p>Evaluate the needs and priorities for financial protection</p> <p>analyse priorities and choices analyse current and future capital and income requirements explain product suitability explain other planning considerations explain the concept of reviews</p>
	<p>Evaluate the main types and uses of financial protection policies</p> <p>describe the role of insurance describe the characteristics of</p> <ul style="list-style-type: none"> • income protection schemes • life assurance and pension based policies • critical illness cover • personal accident insurance • payment protection insurance • long term care • key person cover • health care schemes <p>explain the concept of regular reviews</p>
<p>Taxation of financial protection policies</p>	<p>Understand the taxation of financial protection policies</p> <p>explain the main features of the taxation of qualifying and non qualifying policies and life funds</p>
<p>State Benefits</p>	<p>Understand the principal State benefits</p> <p>describe the main types of State benefits describe the limitations of State benefits</p>

Retail Advice and Regulation Unit

To develop an understanding of the nature of the regulatory regime which governs the promotion and sale of retail investment products and the application of professional standards and judgement in establishing and maintaining client relationships, needs and priorities.

Key words for syllabus	
Financial services Industry	<p>Analyse the UK's financial services industry within an international context</p> <p><i>describe</i> the role and structure of the UK and international markets <i>explain</i> the impact of EU law <i>define</i> the role of Government in setting economic and industrial policy <i>explain</i> the function of financial services within the wider economy</p>
	<p>Explain how the consumer is served by the financial services industry</p> <p><i>describe</i> the role of the providers of financial products <i>explain</i> the relationship between product providers, advisers and consumers <i>analyse</i> the perception of financial services <i>identify</i> the main financial needs and how they are met</p>
Role and function of relevant bodies	<p>Understand the context of the regulation of financial services and the bodies charged with this role and provide assistance or protection to members and employers</p> <p><i>outline</i> the role and powers of</p> <ul style="list-style-type: none"> • Financial Conduct Authority (FCA) • HM Treasury • Bank of England • Competition and Markets Authority(CMA) • the Pensions Regulator (TPR) • Department for Work and Pensions (DWP) • HM Revenue & Customs (HMRC) • Pensions Ombudsman Service (including PPF) • Financial Ombudsman Service • PPF Ombudsman • The Pensions Advisory Service(TPAS) • Citizens Advice Service (including Citizens Advice Bureau) • The Money Advice Service(MAS) • Pension Protection Fund (PPF) • Financial Assistance Scheme (FAS) • National Insurance Services to the Pensions Industry (NISPI) • The Information Commissioner • The Pension Tracing Service • Pensions Compensation Board • Pension Schemes Registry
Overview of FCA regulation	<p>Explain the role of legislation including the Financial Services and Markets Act (FSMA) 2000, MiFID and EU regulation and relevant Directives</p>

	<p>Analyse the FCA's responsibilities and approach to regulation</p> <p><i>describe the FCA's powers and activities</i> <i>explain financial stability, prudential regulation dealing with financial crime</i> <i>describe the FCA handbook and business standards, including the conduct of business, rules for dealing with client assets market conduct code, and training and competence</i> <i>describe the regulatory processes</i> <i>describe risk-based supervision</i> <i>explain oversight within firms</i></p>
FCA regulation	<p>Define the principles and rules as set out within the regulatory framework</p> <p><i>describe regulated activities</i> <i>describe controlled functions and the responsibilities of approved persons</i> <i>describe record keeping requirements</i> <i>describe the concept of professionalism</i> <i>describe the anti money laundering and proceeds of crime requirements</i> <i>describe the requirements for data protection</i> <i>explain the complaints procedures</i> <i>explain the Financial Services Compensation Scheme</i></p>
	<p>Analyse the FCA's use of principles and outcomes-based regulation</p> <p><i>explain principles for businesses</i> <i>explain corporate culture and leadership</i> <i>describe the responsibilities of approved persons</i></p>
	<p>Understand how companies and individuals working in the pensions field are regulated by the FCA</p> <p><i>outline the characteristics of</i></p> <ul style="list-style-type: none"> • <i>statements of principle</i> • <i>financial advice</i> • <i>best advice</i> • <i>treating customers fairly</i> • <i>advertising and promotion</i> • <i>regular reviews of suitability</i> • <i>Retail Distribution Review</i>
	<p>Understand the context of the Code of Ethics</p> <p><i>explain the over-arching code of ethics</i> <i>describe the professional principles and values on which the Code is based</i> <i>explain the management of ethical dilemmas</i></p>
	<p>Distinguish the difference between ethical and compliance-based outcomes</p> <p><i>describe typical behavioural indicators</i> <i>explain outcomes which arise from behaving ethically</i> <i>explain outcomes which arise through limiting behaviour to compliance</i></p>

<p>Delivering Financial Advice</p>	<p>Evaluate the application of professional standards and judgement in establishing and maintaining client relationships, needs and priorities</p> <p>explain the importance of</p> <ul style="list-style-type: none"> • gathering information • analysing circumstances and requirements • making recommendations • effective communication • monitoring and reviewing <p>explain the concept of know your client and suitability reports</p>
	<p>Understand financial calculations and risk</p> <p>explain the time value of money</p> <p>explain the main types of risk</p>
<p>Investment theories</p>	<p>Understand the key features of the main investment theories</p> <p>describe portfolio theory, diversification and hedging</p> <p>describe behavioural finance</p>
	<p>Understand the context of investment planning and performance monitoring</p> <p>describe portfolio construction, performance and review</p> <p>describe wraps and other platforms</p>
	<p>Understand the legal concepts relevant to financial advice</p> <p>explain the concept of legal persons and power of attorney</p> <p>describe contract law and agency</p> <p>explain the concept of property ownership</p> <p>explain the concept of insolvency and bankruptcy</p> <p>describe wills and intestacy</p> <p>describe the use of trusts</p> <ul style="list-style-type: none"> • the main types and their uses • creation and administration of trusts
<p>Current Developments</p>	<p>Understand the concept and practice of pension transfers</p> <p>describe the concept of a pension transfer</p> <p>explain the administrative requirements and procedures surrounding pension transfers</p> <p>explain the roles and responsibilities of those involved in pension transfer issues</p> <p>describe the role of regulation in relation to pension transfers</p> <p>explain how transfer values are calculated</p> <p>explain the concept of transfer incentives and the related legal requirements</p> <p>analyse the advantages and disadvantages of pension transfers and the implications for all parties</p>

Managing International Employee Benefits Unit

(Applying the Principles Covered in Foundation in International Benefits)

Aim

To build on the material covered in International 1: Foundation in International Employee Benefits to develop an understanding of the following issues:

- The employee benefit objectives of a multinational company
- The funding and risk management aspects of providing employee benefits
- Management of risk benefits
- Pensions and employee benefit provision in Brazil, China, India and Russia and a regional overview of Africa, Asia and Latin America to highlight the different practices of pensions and employee benefit provision
- Benefits for internationally mobile employees
- The employee benefit implications of mergers and acquisitions
- Trends in employee benefit provision

Learning Outcome	Assessment Criteria
The student will be able to	The student can
<p>1. outline the employee benefit objectives that multinational companies have and the factors taken into account in the development of an international employee benefit strategy</p>	<p>analyse each of the following:</p> <ul style="list-style-type: none"> • <i>summary of benefit objectives</i> • <i>factors to take into account in the formulation of a benefit strategy</i> • <i>typical elements contained within a benefit strategy</i> • <i>measures of effective benefit strategies</i>
<p>2. describe the funding and risk management aspects involved in defined benefit pension and retirement benefits</p>	<p>explain each of the following:</p> <ul style="list-style-type: none"> • <i>what elements are covered when considering the funding and financing policy</i> • <i>differences between funding and accounting valuations and choice of funding method approaches and vehicles for retirement benefit funding</i> • <i>elements taken into account in the risk assessment and management of employee benefits including investment, mortality and other risk elements</i>
<p>3. describe the importance of managing risk benefits and outline the activities that are carried out</p>	<p>analyse the aspects related to the insurance of benefits including assessment of risk, choice of benefits to insure, choice of provider, multinational pooling and captives</p>

<p>4. describe typical pensions and employee benefit practice and environment and outline the factors influencing benefit design in the selected countries and regions</p>	<p>analyse each of the following:</p> <ul style="list-style-type: none"> • <i>economic and employment background</i> • <i>social security benefits and financing</i> • <i>compulsory benefits and voluntary plans</i> • <i>delivery of benefits</i> • <i>funding and financing of benefits including investment of plan assets</i> • <i>regulatory and tax framework</i> • <i>administration of benefits</i>
<p>5. explain the issues relating to internationally mobile employees in respect of their pensions and employee benefits and describe the possible solutions to the different challenges in mobility of employees</p>	<p>analyse each of the following:</p> <ul style="list-style-type: none"> • <i>types of transfers of employees</i> • <i>social security issues</i> • <i>occupational pension issues</i> • <i>European Union regulations and influence</i> • <i>home country, host country, international plan approaches</i> • <i>legal, taxation and financing issues</i> • <i>other benefit provision</i>
<p>6. demonstrate an understanding of the pensions and employee benefit issues in respect of mergers and acquisitions</p>	<p>outline the general features of mergers and acquisitions and the employee benefit implications</p> <p>explain the general and country specific problem areas</p> <p>analyse pensions and employee benefit policy and strategy in respect of mergers and acquisitions</p>
<p>7. outline the current and likely future global trends in pensions and employee benefit provision</p>	<p>analyse each of the following:</p> <ul style="list-style-type: none"> • <i>key trends and pressures influencing pension and benefit provision</i> • <i>economic, social, demographic and labour market changes and their impact on benefit provision</i>

Professionalism Unit

This unit will require students to demonstrate that they understand the importance of professionalism, ethics and continuing their own professional development. It will seek to evidence that they have understood and can apply their learning from previous units, are up to date with current compliance, legislative and market trends and that they can communicate their knowledge in a way that is relevant to their audience.

Suggested key words for revised syllabus	
	<p>demonstrate an awareness of the Professional Standards expected of PMI Members as set out in the PMI Code of Professional Conduct.</p> <ul style="list-style-type: none"> • <i>Acting with the highest standards of professionalism and integrity</i> • <i>Providing a high standard of service</i> • <i>Acting in the best interests of each client</i> • <i>Treating people fairly regardless of race or racial group, sex or sexual orientation, religion or belief; age and disability</i>
	<p>Demonstrate an understanding of the importance of personal development</p> <p>explain each of the following</p> <ul style="list-style-type: none"> • <i>Trustee Knowledge and Understanding</i> • <i>Continued Professional Development and the requirements of different professions</i>
	<p>Demonstrate an understanding of professionalism and business ethics</p> <ul style="list-style-type: none"> • <i>Corporate Culture</i> • <i>Dealing with complaints</i> • <i>Conflicts of interest</i> • <i>Ethical dilemmas - identification, implications and appropriate behaviour</i> • <i>Whistle-blowing</i>
	<p>explain the commercial aspects of operating a workplace pension scheme</p> <p>analyse each of the following</p> <ul style="list-style-type: none"> • <i>nature of costs</i> • <i>cost control</i> • <i>budgeting</i> • <i>contracts management and agreements</i>
	<p>demonstrate an understanding of the management and measurement of service delivery</p> <p>explain each of the following</p> <ul style="list-style-type: none"> • <i>managing client relationships</i> • <i>service level agreements</i> • <i>type, role and value of performance measures</i> • <i>reporting</i> • <i>contract remedies</i> • <i>quality management systems and kite marks</i> • <i>benchmarking</i> • <i>member and client surveys</i> • <i>complaint/dispute resolution</i>

	<p>demonstrate an understanding of the importance of good governance in managing a workplace pension scheme</p> <p>explain the features of scheme governance outline the roles of the employer, trustees, providers, and employer and provider governance committees outline the importance of</p> <ul style="list-style-type: none"> • risk management • member communication and engagement • investment and manager selection <p>evaluate each of the following</p> <ul style="list-style-type: none"> • structures / Governance committees • internal controls • scheme documents including <ul style="list-style-type: none"> ○ Governance statement ○ Annual Business Plan ○ Training records • Documentation and record keeping • Relevant Pensions Regulator Codes of Practice and guidance • Data quality • Selection, management and review of advisers and providers • Recognised industry standards e.g. ICAEW's AAF 01/06, FRAG 21 reports
	<p>outline factors taken into consideration when selecting, monitoring and changing investment managers</p> <p>explain each of the following:</p> <ul style="list-style-type: none"> • identify needs • manager selection process • custody and title of assets • fee structure • setting performance targets • ethical and socially responsible investment • investment management agreements • administration • transition management • monitoring and governance
<p>Legal requirements – Trustees</p>	<p>Demonstrate an understanding of Internal Controls</p> <ul style="list-style-type: none"> • describe Internal Controls • explain why Internal Controls are required • describe the assessment of risk
	<p>explain the role of the trustees in managing risk</p> <p>outline the process of governance review/risk management outline preparation and management of a risk register identify how to mitigate risk analyse the nature of de-risking analyse the role of the TKU requirements</p>