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Moving pensions forward

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# **Diploma in Employee Benefits and Retirement Savings**

## **Qualification Specification**

# Diploma in Employee Benefits and Retirement Savings

## QUALIFICATION AIM

This qualification is ideal for those working at the margins of pensions who need to understand the area in the wider savings and employee benefits context.

The aim of the Diploma is to provide holders with a comprehensive background to employee benefits and savings in the UK. This will equip them for work in pensions and allied areas and can lead to further study or towards completion of the Advanced Diploma qualification.

## PREREQUISITES

There are no formal prerequisites for this qualification; either qualifications or knowledge and experience.

However, we would anticipate most candidates would be working in the field.

## QUALIFICATION STRUCTURE, COMPLETION CRITERIA AND ASSESSMENT

This qualification comprises three compulsory units. These units are a selection from those available for the PMI Advanced Diploma.

Two core units

- Understanding Retirement Provision;
- Regulation of Retirement Provision;

Plus a specialist option unit

- Reward and Retirement Provision

Further details on the assessment of these units can be found in the relevant test specification

<https://www.pensions-pmi.org.uk/qualifications-and-learning/debrs-overview/examination-test-specifications/>

## TRANSITIONAL ARRANGEMENTS

Those who have passes/exemptions from previous versions of the syllabus can obtain credits in the current syllabus according to the relevant transitional arrangements. Details on transitional arrangements can be found here: <https://www.pensions-pmi.org.uk/qualifications-and-learning/advanced-diploma-in-retirement-provision/previous-syllabus/>

## SYLLABUSES

Each unit syllabus is presented in a form which is intended to give an indication of the depth and breadth of knowledge which is required. Each syllabus is divided into sections with an initial statement, or learning outcome, indicating what is expected of candidates 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

*The examinations in 2018 will be based on the 2018 syllabuses and the law as it existed at 6 April 2017. An awareness of any significant changes after 6 April will be to a candidate's advantage.*

## **RECOMMENDED STUDY TIME**

In making an estimate we have referenced the approach used by Ofqual (a UK qualifications regulator). This is also known as Total Qualification Time (TQT) or Guided Learning Hours and is comprised of:

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

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

As GLH, as defined above, is not common we have estimated a total of 0 hours for this component. For study time we have estimated 380-420 hours. Therefore TQT = 420 hours for this qualification.

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

## **REGULATION**

This qualification is NOT regulated by Ofqual.

## **FEES**

Fees for this qualification can be found on this page;

<https://www.pensions-pmi.org.uk/pmi-academy/wider-information-set/>

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

These units can also be selected as options within the PMI Advanced Diploma in Retirement Provision.

## **MEMBERSHIP ENTITLEMENT**

Candidates undertaking the qualification will need to be at least a Student Member of the PMI.

Candidates completing the qualification successfully will be eligible to seek election as Diploma Members of the PMI with the designatory initials DipPMI.

## CONSTITUENT CORE UNITS

### CORE UNIT 1A - UNDERSTANDING RETIREMENT PROVISION

#### **Aim:**

To provide an introductory overview of retirement provision in the UK including an appreciation of:

- how workplace pensions have developed, the different types of workplace provision and how they sit alongside State pension provision
- the key features of automatic enrolment, trust and contract-based provision
- the roles and responsibilities of those involved in running workplace pensions
- personal savings and the options for retirement saving
- employee engagement with retirement provision.

1. **demonstrate an understanding** the origins and overview of retirement provision

**explain** the following aspects:

- *State*
- *workplace*
- *individual*

2. **demonstrate an understanding** of the context and the factors which influence the development of retirement provision in the UK

**identify** changes to State pension age, State benefits, historic and forthcoming legislation

**explain** the options available to access pension saving

**define** demographics

**outline** changing social trends

**describe** balancing work, retirement and income

**explain** different income needs in retirement and options

3. **describe** the main State retirement benefits and other benefits an individual might receive from the State and **explain** how retirement benefits are calculated

**analyse** the features of:

- *the new State Pension*
- *Basic State pension*
- *State Second Pension (S2P)*
- *Pensions Credit*

**outline** the features of other State benefits

4. **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

**analyse** and distinguish between the roles of the following:

- *Government departments*
- *regulatory bodies*
- *advisers (including consultants, legal advisers, investment advisers, scheme actuary and auditors)*
- *members and their dependants*
- *employers/pensions manager, payroll and human resources*
- *secretary to the trustees*
- *service providers, including administrators*
- *investment managers*
- *insurer*

5. **identify** the roles and functions of the bodies that regulate pension schemes and provide assistance or protection to members and employers

**outline** the role and powers of:

- The Pensions Regulator (TPR)
- Department for Work and Pensions (DWP)
- HM Revenue & Customs (HMRC)
- Pensions Ombudsman Service
- Financial Ombudsman Service
- PPF Ombudsman
- The Pensions Advisory Service (TPAS) Citizens Advice Service (including Citizens Advice Bureau) and Pension Wise
- The Money Advice Service (MAS)
- Pension Protection Fund (PPF)
- Financial Conduct Authority (FCA)
- Financial Assistance Scheme (FAS)
- Financial Services Compensation Scheme (FSCS)
- National Insurance Services to the Pensions Industry (NISPI)
- The Information Commissioner
- The Pension Tracing Service
- Pensions Compensation Board
- Pension Schemes Registry

6. **explain** the main features of the employer duties for automatic enrolment and re-enrolment

**describe** automatic enrolment, contractual enrolment and re-enrolment

**define** jobholders and workers

**identify:**

- qualifying earnings and pay reference periods
- qualifying schemes and automatic enrolment schemes

**explain** phasing in and staging

**describe** the communication requirements and timescales

**explain** the role of the Pensions Regulator

7. **distinguish** between the different methods of providing and delivering pensions and the different benefits and options

**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

8. **demonstrate an understanding of** the different types of benefit design found in pension schemes

**describe** the main benefit design features:

- defined benefit (final salary and career average)
- defined contribution
- cash balance
- hybrid arrangements
- risk sharing schemes

9. **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

**define** public sector benefit structure

**describe:**

- private sector benefit structures
- master trusts
- cross border schemes

**identify** the features of:

- insured schemes
- self-administered schemes
- executive pension arrangements and employer financed retirement benefit schemes

10. **demonstrate an understanding of** the financing of pension schemes

**analyse** the financing of workplace pension schemes:

- defined benefit
- defined contribution
- defined ambition/risk sharing
- pay as you go

11. **evaluate** what an employer might consider when selecting a trust, master trust or contract-based arrangement

**identify** the advantages and disadvantages of each

12. **evaluate** the options for personal savings

**explain** the features of the following:

- personal investments
- alternative investments
- insurances

13. **describe** the options available for retirement saving

**outline** the features of:

- tax advantaged savings vehicles
- property
- pension arrangements

14. **understand** the main features of employee communications with saving for retirement

**outline:**

- statutory disclosure requirements
- the concepts of advice and guidance

## CORE UNIT 2 - REGULATION OF RETIREMENT PROVISION

### Aim:

To provide an overview of the regulation of retirement provision in the UK including an appreciation of:

- legal and taxation aspects
  - compliance with regulation and where administrators need to focus on compliance issues
  - the bodies responsible for defining, monitoring and oversight
  - how the employee is supported by the financial services industry
  - current issues.
1. **analyse** a registered pension scheme and the tax treatment conferred by registered scheme status  
  
**outline** the Finance Act 2004 including the tax treatment of:
    - contributions
    - investment
    - benefits (retirement and death)
  2. **understand** the context of the principal features of the current tax regime governing registered pension schemes  
  
**define** Benefit Crystallisation Events and the Lifetime Allowance, including protection  
**outline** the features of the Annual Allowance, including the Tapered Annual Allowance and the Money Purchase Annual Allowance  
**identify** authorised and unauthorised payments
  3. **understand** the tax treatment of unregistered schemes  
  
**define:**
    - Employer Funded Retirement Benefit Schemes
    - Qualifying Recognised Overseas Pension Schemes
    - Excepted Life Schemes
  4. **understand** the implications of differences in Jurisdiction (England & Wales, Scotland and Northern Ireland) on retirement provision  
  
**explain** the implications in the following areas:
    - sources of law
    - Income Tax
    - options on divorce
  5. **understand** the roles and functions of the bodies that regulate pension schemes and provide protection to members and employers  
  
**explain** the role and powers of:
    - the Pensions Regulator (TPR)
    - HM Revenue & Customs (HMRC)
    - Financial Conduct Authority (FCA)
    - Department for Work and Pensions (DWP)
    - Financial Services Compensation Scheme (FSCS)
    - Pension Protection Fund (PPF)
    - Pensions Ombudsman and Financial Services Ombudsman

6. **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.

*identify the main features of a trust*

*distinguish between trust and contract-based alternatives for workplace pensions, including master trusts*

*identify the different types of trustees*

*analyse the appointment and removal of trustees*

*explain the duties and powers of trustees:*

- *investment powers*
- *exercise of discretions*
- *delegation*
- *meetings and minutes*
- *trustees' liability and protection*
- *trustee knowledge and understanding (TKU)*

*identify notifiable events*

*describe the Pensions Regulator's Codes of Practice and guidance notes*

7. **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

*explain the trust deed and rules*

*outline relevant employee communications*

*explain how the following can be effected:*

- *changing employers*
- *changing trustees*
- *amending deeds*

*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*

8. **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

*explain share sales and business sales (and key differences between them)*

*analyse sale and purchase agreements*

*evaluate past and future service provision (including Transfer of Undertakings (Protection of Employment) Regulations (TUPE))*

*explain the following:*

- *section 75 debts*
- *anti-avoidance and clearance*
- *apportionment of liabilities*
- *withdrawal arrangements*

*analyse scheme mergers*

9. **understand** the context of the duties imposed on the 'scheme administrator' by the Finance Act 2004

*outline the characteristics of effective record keeping*

*describe information requirements for:*

- *HM Revenue & Customs*
- *members*
- *other scheme administrators*



10. **describe** the requirements for communication with members
- explain** the legal requirements for each of the following types of disclosure:
- automatic
  - on request
  - e communications/multi media
11. **demonstrate an understanding** of the importance of a governance structure
- explain** the features of scheme governance  
**outline** the roles of the employer, trustees, governance committees and providers  
**outline** the importance of:
- risk management
  - member communication and engagement
  - investment and manager selection
12. **outline** other laws which impact on UK pension provision
- analyse** the impact of:
- 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
  - Value Added Tax (VAT)
  - European Union law
13. **demonstrate an understanding** of current issues
- analyse** the impact of:
- cessation of contracting out and scheme reconciliations
  - data protection
  - pensions dashboard
  - Guaranteed Minimum Pension (GMP) equalisation/conversion
  - pension scams
  - data quality and the scheme return
  - defined benefit to defined contribution transfers
  - pension advice allowance and provision of advice at retirement (robo advice)
  - Green Paper (including consultation)
  - TPR consultation professional trustees
  - possible impact of BREXIT
14. **understand** how companies and individuals working in the pensions field are regulated by the FCA
- outline** the characteristics of
- statements of principle
  - financial advice
  - best advice
  - treating customers fairly
  - advertising and promotion
  - regular reviews of suitability
  - asset management market study
  - Financial Advice Market Review (FAMR)

15. **explain** how the consumer is served by the financial services industry

**describe** *the role of the providers of financial products*

**explain** *the relationship between product providers, advisers and consumers*

**analyse** *the perception of financial services*

**identify** *the main financial needs and how they are met*

## SPECIALIST OPTION UNIT

### REWARD AND RETIREMENT PROVISION

#### Aim:

To provide an understanding of the main employee benefits, their value, cost structures, taxation implications and how they interact with saving for retirement. To include appreciation of:

- the employee and employer perspectives
- rewards strategies
- communication and engagement

1. **outline** the factors to be taken into consideration when developing a total rewards strategy

**explain** the impact of the following:

- *employee demographics*
- *globalisation*
- *possible impact of BREXIT*
- *cost*
- *market position*
- *recruitment and retention*
- *automatic enrolment*
- *employee and employer perspective*
- *flexible benefits*
- *State benefits*
- *communication of employee benefits:*
  - *methods*
  - *advantages and disadvantages*
  - *employee behaviour*
  - *the Pensions Regulator's guidance*
  - *roles and their interaction*
  - *HR, payroll, pensions, finance*
  - *data flows*
  - *selecting and managing providers and advisers*

2. **demonstrate an understanding** of the employer perspective in relation to a total rewards strategy including oversight responsibility

**explain** the development of rewards strategies including the needs of an ageing population

**outline** the tax implications and the pensions benefit implications

3. **outline** the elements that employers may use as part of their rewards package

**analyse** each of the following:

- *income protection schemes*
- *critical illness schemes*
- *health care schemes*
- *personal accident benefits*
- *sabbaticals*
- *career breaks*
- *child care*
- *dental/optical cover*
- *retail vouchers*
- *other elements*

4. **explain** the main features of establishing and maintaining the rewards package

**explain** the impact of the following:

- *employee engagement and communication*
- *broking benefits*
- *timing*
- *benefit evaluation*

5. **explain** the purpose and principal features of company share schemes

**analyse** each of the following:

- *SAYE share option schemes*
- *Share Incentive Plans*
- *executive share option schemes*
- *profit sharing schemes*
- *employee share ownership plans*
- *unapproved and phantom share schemes*
- *tax treatment*
- *capital gains tax*
- *an overseas sponsor*

6. **explain** the concept of remuneration as part of a rewards package

**analyse** each of the following:

- *remuneration*
- *bonus schemes*

7. **demonstrate an understanding** of the principles of salary/bonus sacrifice

**analyse** each of the following:

- *reasons for adopting salary/bonus sacrifice*
- *criteria to be an effective sacrifice arrangement*
- *scheme design considerations*
- *National Insurance savings to employer/employees*
- *effect on State benefits*
- *communication to employees*
- *tax implications*
- *contract of employment implications*

**8. demonstrate an understanding** of flexible benefits

**analyse** each of the following:

- reasons for offering flexible benefits
- designing a flexible benefits package:
  - core benefits
  - degree of flexibility
  - delivery of a flexible benefits package
  - employee communications

**explain** each of the following:

- the impact of automatic enrolment
- retirement provision options
  - additional contributions
  - salary sacrifice
  - rates of accrual
- taxation implications and effect on State benefits
- life events
- contract of employment implications

**9. outline** the impact of tax charges for individuals

**analyse** each of the following:

- disguised remuneration
- cash alternatives
- ill health

**10. outline** future developments

**explain** the impact of recent developments