

## Taxation, Retail Investment and Pensions

**Tuesday 8<sup>th</sup> October 2019 14.00pm – 17.00pm**

Centre Name	<input type="text"/>
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This contains several short answer questions. Attempt **ALL** questions in the green answer booklet **in pen** for the paper-based version of this exam or follow the instructions on screen for the online version.

The total marks for this paper are 100.

**THIS EXAMINATION PAPER REMAINS THE PROPERTY OF THE PENSIONS  
MANAGEMENT INSTITUTE AND MUST BE HANDED TO THE INVIGILATOR AT  
THE END OF THE EXAMINATION.**

Three hours are allowed for this paper. Answer all parts of all questions. In a multi-part question when the marks are not equally divided a guide to the available marks for each part is shown. A small number of marks may be awarded for appropriate and relevant communication and formatting.

The total marks for this examination are 100.

Please make sure that you answer these questions, by following the instructions on screen for the online version of the exam, or by writing them down in the green answer booklet, in pen, for the paper-based version.

**OCOTBER 2019**

1. Jane's income in 2019/20 is as follows:

(a) State pension	£8500
(b) Untaxed UK interest	£61600
(c) UK dividends	£49100

During the year, Jane made charitable Gift Aid payments totalling £5,000

Calculate Jane's income tax liability for the year. **(10 marks)**

2. David died in July 2007 and left his entire estate to his wife, Patricia. At that time, the nil rate band was £300,000. Prior to his death, David had made a gift of £150,000 to his son, Adam, in July 2002. Patricia died in May 2019 and left her entire estate to Adam. The total value of the estate was £1,300,000 which included Patricia's main residence valued at £550,000.

Calculate the inheritance tax liability on Patricia's estate. **(7 marks)**

3. In your role as an independent financial adviser, a client has asked you to explain the features of multi manager funds. Draft an email to the client outlining:

- (a) the different approaches adopted by fund management companies **(5 marks)**
- (b) the main advantages they offer to investors **(11 marks)**
- (c) a potential downside **(3 marks)**

**(20 marks total for question - includes 1 mark for formatting)**

4. The Public Services Pension Act 2013 was put in place to provide reform following concerns about the rising cost of pension provision in the public sector. Describe the main provisions of the Act. **(6 marks)**

5. List the key features of Pension Sharing on Divorce. **(6 marks)**

6. Transatlantic Ltd has decided to open a new office in the UK and will be hiring UK employees for the first time. As their pension consultant, you have been asked to provide a briefing note explaining qualifying pension schemes (both DB and DC) and assessing the workforce for automatic enrolment.

**(20 marks total for question - includes 2 marks for formatting)**

7. Describe the key characteristics of an 'Investment Trust' **(8 marks)**

8. Absolute Returns:

- (a) What are the main differences between Absolute Return and Relative Return funds?
- (b) Why are derivatives used in Absolute Return funds

**(7 marks)**

9. As the Benefits Manager for ABC Holdings Ltd (a mid-sized organisation with over 50 employees) you have been asked to draft a briefing note to your Board covering the following in respect of Group Private Medical Insurance.

The main types of:

- a. PMI Benefits usually provided and their key components **(5 marks)**
- b. The Usual policy exclusions **(11 marks – includes 1 mark for formatting)**

**Total Marks for Paper - 100**