



**Pensions  
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Moving pensions forward

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## THE PENSIONS MANAGEMENT INSTITUTE

### QUALIFYING EXAMINATION 2017

#### TAXATION, RETAIL INVESTMENT AND PENSIONS

**Notes:** *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.*

1. Explain how Class 1 National Insurance contributions paid by employees are calculated.  
(6 marks)
  
2. Audrey died in December 2014 and her estate was valued at £750,000. The Inheritance Tax (IHT) paid on her estate amounted to £170,000. Her Will provided for a legacy of £500,000 to be left to her brother, Basil, who subsequently died in January 2017. Basil left his entire estate of £1.2M to his son, Peter and had not made any Potentially Exempt Transfers in the 7 years prior to his death.  
  
Outline how the IHT liability on Basil's estate will be reduced as a result of the legacy left to him by Audrey and calculate the IHT liability that will be due on his estate.  
(6 marks)
  
3. Identify the different types of bonds and describe their characteristics.  
(20 marks)
  
4. In your role as a pension consultant for the XYZ Defined Benefits Pension Scheme you have been asked by the trustees to provide a briefing note on the tax consequences of lump sum death benefits. The note should include the responsibilities of the Scheme Administrator and the legal representatives following the death of a scheme member.  
(20 marks)

5. Explain what an Uncrystallised Funds Pension Lump Sum (UFPLS) is and why pension scheme members should carefully consider their tax position before deciding to take an UFPLS. (6 marks)
6. Outline the statutory rights members of DB schemes with DC AVCs have to transfer out the value of their benefits and include details of other requirements which must be fulfilled before the trustees of the transferring scheme will allow a transfer to proceed. (8 marks)
7. Outline the main features of investment trusts. (7 marks)
8. Identify the key features of Lifetime ISA's. (7 marks)
9. The Finance Director of ABC Ltd has approached you in your capacity as an employee benefits consultant to advise you that the company is considering introducing a group PHI scheme for its staff.  
  
Draft an email to the finance director explaining the design features which could be incorporated into such a scheme. (20 marks)

**OCTOBER 2017**