



Pensions Management Institute
Level 4
Certificate in Pension Calculations
603/7165/1

Specification

PMI Level 4 Certificate in Pensions Calculations ©2021

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About PMI

Founded in 1976, the Pensions Management Institute (PMI) is the UK's largest and most recognisable professional body for employee benefits and retirement savings professionals, supporting over 6,500 members.

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

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

To achieve this, the PMI:

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

PMI Qualifications

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

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

Syllabuses

Each syllabus area is presented in a form which is intended to give an indication of the depth and breadth of knowledge required. Each syllabus area is divided into sections with an initial statement, or learning outcome, indicating what is expected of learners and some notes detailing 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 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/mark the difference between / 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

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

Support and Recognition

These qualifications have been developed with the support of individuals and organisations within the pensions sector and from all industry bodies that support the sector in the United Kingdom.

Certificate in Pension Calculations

Qualification Number: 603/7165/1

RQF Level: 4

Total Qualification Time: 304 hours

Qualification Aim

Suitable for pension scheme administrators working in either defined benefit (DB) or defined contribution (DC) schemes, or both. Designed to demonstrate a learner's competence in the calculating and quoting of benefits of defined benefit and defined contribution schemes.

Qualification Abstract

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

Prerequisites

There are no formal prerequisites for this qualification; neither in terms of prior qualifications nor in terms of prior knowledge and experience. However, it is anticipated that most learners will be working in the pensions industry in some capacity. For example, some learners will have undertaken the PMI Award in Pensions Essentials or Certificate in Pensions Essentials.

Apprenticeships

The first four units (Level 3) of this qualification can be undertaken as part of the Workplace Pensions (WPP) Apprenticeship. Full details can be found on the PMI website.

Accreditation of Prior Learning

None applicable.

Regulation

This qualification is regulated by Ofqual and appears in the Register of Regulated Qualifications: <http://register.ofqual.gov.uk/>

Qualification Level

This qualification has been benchmarked at Level 4 in the Regulated Qualification Framework.

Qualification Structure and Completion Criteria

This qualification comprises seven units.

| Unit | Description | Level |
|-------------|--|--------------|
| 1 | Calculate and Quote Pension Scheme Death Benefits for Members without Special Circumstances | 3 |
| 2 | Calculate and Quote Pension Scheme Leaver Benefits for Members without Special Circumstances | 3 |
| 3 | Calculate and Quote Pension Scheme Retirement Benefits for Members without Special Circumstances | 3 |
| 4 | Calculate and Quote Pension Scheme Transfer In Benefits and Transfer Out Benefits for Members | 3 |
| 5 | Calculate and Quote Pension Scheme Death Benefits for Members with Special Circumstances | 4 |
| 6 | Calculate and Quote Pension Scheme Leaver Benefits for Members with Special Circumstances | 4 |
| 7 | Calculate and Quote Pension Scheme Retirement Benefits for Members with Special Circumstances | 4 |

All seven units must be achieved in order to complete the qualification.

Qualification Delivery

This qualification is delivered via PMI Approved Centres or via individuals self-studying.

Approved centres must comply with all relevant Ofqual Regulations and Guidance.

Assessment

All seven units are assessed through case study examinations, which are open book. As the case studies are meant to reflect real life calculations, the examinations are 'practical'.

- Units 1 and 2 examinations last for **3.0 hours**
- Units 3 and 4 examinations last for **3.5 hours**
- Units 5, 6 and 7 examinations last for **3.5 hours**

The case studies for the examinations are based on three (3) fictitious pension schemes. Two (2) of these are final salary schemes – one of which is a CARE scheme – and the other is a money purchase scheme.

Past Papers and Examiners' reports can be found on the learning website:

<https://www.cpc-learning-materials.com/>

Total Qualification Time

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

- 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

| | | |
|-------------------------------|-------------------------------|---|
| Guided learning hours (GLH) | 14 | (Revision Courses) |
| Self-study (SS) | 243 | (30perunitLevel3) (41 perunitLevel4) |
| Formative Assessment (F) | 23.5 | (Mock Exams) |
| Summative Assessment(S) | 23.5 | (Online Exams) |
| TotalAssessmentTime(TAT) | 47 | (F+S) |
| TotalQualificationTime | 304 Hours (GLH+SS+TAT) | |

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.

The qualification is normally achieved within three years of registration.

Fees

Fees for this qualification can be found on the [pmi-qualifications.pdf \(pensions-pmi.org.uk\)](#).

Links with other qualifications and progression

All learners can progress to PMI administration focussed qualifications such as the Diploma in Pensions Administration or Certificate in Pension Scheme Member Guidance. Alternatively, they could pursue the PMI Diploma and Advanced Diploma in Retirement Provision.

The exact choice will depend on individual circumstances and career path.

Membership Entitlement

Learners undertaking the qualification will be automatically enrolled as VQ Student Members on registration for the duration of their study.

Learners completing the qualification successfully will be eligible to seek election as Certificate Members of the PMI with the designatory initials CertPMI.

Reading List (*for all units*)

Books:

There is no specific set text for this qualification. However, it is expected that learners will gain much of the knowledge necessary to achieve the qualification by using the:

- OPQ Retirement & Death Benefits Plan Scheme Booklet
- RST Pension Scheme Booklet
- XYZ Pension and Life Assurance Scheme Booklet
- Tables of Factors (*relevant for all Scheme Booklets*)

All of these can be found on the relevant pages of the [CPC Learning Website](#).

Other books for review:

Luderer, B. **Classical Financial Mathematics**, Springer; 1st ed. 2021 edition (18 Feb. 2021), ISBN-10: 3658320370/ISBN-13: 978-3658320379.

O'Loughlin B. **Fundamentals of Investment** (A Practitioners Guide), Routledge; 1st edition (9 Jun. 2019), ISBN-10: 1138061620X/ISBN-13: 978-1138061620.

Read J. **Pensions and You: A Simplified View of the UK Pensions System**, ASIN B06Y5BLX8B

Journals and Magazines:

Financial Adviser. London: FT Business. Weekly.
Available online at www.ftadviser.com.

Money Management. London: FT Business. Monthly.
Available online www.ftadviser.com/brand/money-management

Money Marketing. London: Centaur Communications. Weekly.
Available online at www.moneymarketing.co.uk

Pensions Age. London: Perspective. Monthly.
Available at www.pensionsage.com

Professional pensions. London: Incisive Media. Weekly.
Available at www.professionalpensions.com.

Exam Guides

There are many modestly priced guides available in bookshops, or online through retailers such as Waterstones, Amazon, etc. You should choose ones to suit your own personal situation and requirements.

Unit 1

Calculate and Quote Pension Scheme Death Benefits for Members without Special Circumstances

The aim of this unit is to:

Understand and calculate '*Death Benefit*' options within normal circumstances and in accordance with all relevant guidance and legislation. The learner will then be able to apply this knowledge in the production of a 'death benefits' quote to the trustees or beneficiaries.

| | | | | | |
|---|------------------------------|--|--|----------------|---|
| Unit Level | 3 | Unit Reference | L/618/6395 | Credits | 3 |
| TQT | 38 | Unit Grading Structure | Pass / Fail | | |
| Assessment Guidance | 3.0 Hour written exam online | | | | |
| Learning Outcomes – the learner will | | | Assessment Criteria – the learner can | | |
| 1. Be able to explain the scheme rules for each of the schemes used in the case study examinations covering the payment of death benefits | 1.1 | Use the correct personal details from the member's record. | | | |
| | 1.2 | Show the full range of requested options which are allowed based on the member's record and the scheme rules. | | | |
| | 1.3 | Apply scheme definitions accurately. | | | |
| | 1.4 | Apply all relevant legislation correctly in relation to death benefits. | | | |
| 2. Demonstrate how to apply actuarial / revaluation factors | 2.1 | Set out the calculations for each of the different types of death benefit options. | | | |
| 3. Show the benefit options in an approved format and in accordance with accepted procedure | 3.1 | Provide manual calculations for each of the different types of death benefit category without arithmetical errors. | | | |
| | 3.2 | Show when lump sum death benefits are payable at the trustees' discretion or to the deceased member's estate / legal personal representatives. | | | |
| 4. Be able to explain the effects of overriding legislation on the benefits and options payable (taking into account regulations and requirements of HM Revenue & Customs and the Department for Work and Pensions) | 4.1 | Calculate and provide information in accordance with regulations imposed by HM Revenue & Customs and the Department for Work and Pensions, as appropriate. | | | |
| 5. Explain what information and documentation is required before the scheme can settle the benefits | 5.1 | Write a letter to the beneficiary, sponsor or trustee and quote benefits which match your calculations. | | | |
| | 5.2 | Show the benefit options in an approved format and in accordance with accepted procedure. | | | |
| | 5.3 | Provide complete and accurate information to accompany the quotation and requested payment details. | | | |
| | 5.4 | Give instructions to the addressee on the response you require. | | | |

Guidance:

On successful completion of this unit, learners will know and understand:

- The scheme rules for each of the schemes used in the case study examinations covering the payment of **death benefits**
- The effects of overriding legislation on the benefits and options payable (taking into account regulations and requirements of HM Revenue & Customs and the Department for Work and Pensions)
- How to deal with Guaranteed Minimum Pensions, contracting-out requirements and conditions for payment
- How the death benefit is comprised – (e.g. refund of contributions, lump sum (life assurance / 5-year guarantee) and spouse's pension (including child pensions))
- How to apply actuarial factors
- How to apply statutory increases on deferred pensions for the period between date of exit and date of death
- How to apply statutory increases on pensions in payment
- The Disclosure requirements
- The distinction between giving financial information and financial advice (in accordance with the latest Financial Services and Markets Act)
- The distinction between paying lump sum benefits at the trustees' discretion or to the deceased member's estate / legal personal representative(s)
- What information and documentation is required before the scheme can settle the benefits

In meeting the performance criteria, learners must demonstrate that they can:

- A. Identify and apply **scheme rules and definitions** for all of the following:
- a) Final salary (*including contracted out and non-contracted out categories of benefit*)
 - b) Career average revalued earnings (CARE)
 - c) Money purchase
- B. Set out and provide fully worked manual **calculations** for all of the following **death benefits**:
- a) Refund of contributions
 - b) Lump sum (Life assurance / 5-year guarantee)
 - c) Spouse's pension
- C. Set out and provide fully worked manual **calculations** for all of the following **death benefit** scenarios:
- a) Death in service
 - b) Death in deferment
 - c) Death in retirement
- D. Identify when lump sum **death benefits** are **payable**:
- a) At the trustees' discretion
 - b) To the deceased member's estate / legal personal representative(s)

- E. Determine the **options** open to members taking into account all of the following:
- a) The member's record
 - b) Scheme rules
 - c) Relevant legislation
- F. Use the **calculations** from one of the case studies completed to **write a letter** to the beneficiary, sponsor or trustee. This letter must be a standard letter of response – **NOT** single bullet points.

EXPLANATION - Calculations **could** include the recalculation of benefits to ensure minimum contracting-out requirements are met or suggestions for a suitable course of action if Lifetime Allowance limits have been exceeded.

Unit 2

Calculate and Quote Pension Scheme Leaver Benefits for Members without Special Circumstances

The aim of this unit is to:

Understand 'Leaver Benefit' options within normal circumstances and in accordance with all relevant guidance and legislation. The learner will then be able to apply this knowledge in the production of a 'leaver benefits' quote to the scheme member.

| | | | | | |
|---|------------------------------|--|--|----------------|---|
| Unit Level | 3 | Unit Reference | R/618/6396 | Credits | 3 |
| TQT | 38 | Unit Grading Structure | Pass / Fail | | |
| Assessment Guidance | 3.0 Hour written exam online | | | | |
| Learning Outcomes – the learner will | | | Assessment Criteria – the learner can | | |
| 1. Be able to explain the scheme rules for each of the schemes used in the case study examinations covering the payment of leaver benefits | 1.1 | Use the correct personal details from the member's record. | | | |
| | 1.2 | Show the full range of requested options which are allowed based on the member's record and the scheme rules. | | | |
| | 1.3 | Apply scheme definitions accurately. | | | |
| | 1.4 | Apply all relevant legislation correctly in relation to leaver benefits. | | | |
| 2. Demonstrate how to apply revaluation factors and how to calculate tax for refunds | 2.1 | Set out calculations for each leaving option according to accepted procedures. | | | |
| 3. Show the benefit options in an approved format and in accordance with accepted procedure | 3.1 | Carry out calculations manually for each leaving option without arithmetical errors. | | | |
| 4. Be able to explain the effects of overriding legislation on the benefits and options payable (taking into account regulations and requirements of HM Revenue & Customs and the Department for Work and Pensions) | 4.1 | Calculate and provide information in accordance with regulations imposed by HM Revenue & Customs and the Department for Work and Pensions, as appropriate. | | | |
| 5. Explain what information and documentation is required before the scheme can settle the benefits | 5.1 | Write a letter to the member, sponsor or trustee and quote benefits which match the calculations. | | | |
| | 5.2 | Show the benefit options in an approved format and in accordance with accepted procedure. | | | |
| | 5.3 | Provide complete and accurate information to accompany the quotation and requested payment details. | | | |

Guidance:

On successful completion of this unit, learners will know and understand:

- The scheme rules for each of the schemes used in the case study examinations covering the payment of **leaver benefits**
- The effects of overriding legislation on the benefits and options payable (taking into account regulations and requirements of HM Revenue & Customs and the Department for Work and Pensions)
- How to deal with Guaranteed Minimum Pensions, contracting-out requirements and conditions for payment
- How to calculate tax on refund calculations
- How to apply statutory increases on deferred pensions for the period between date of exit and normal retirement date
- The Disclosure requirements
- The distinction between giving financial information and financial advice (in accordance with the latest Financial Services and Market Act)
- What information and documentation is required before the scheme can settle the benefits (particularly in relation to refunds)

In meeting the performance criteria, learners must demonstrate that they can:

- A. Identify and apply **scheme rules and definitions** for all of the following:
 - a) Final salary (*including contracted out and non-contracted out categories of benefit*)
 - b) Career average revalued earnings (CARE)
 - c) Money purchase
- B. Set out and provide fully worked manual **calculations** for all of the following:
 - a) Members leaving employment
 - b) Members opting out of the scheme
- C. Determine the **options** open to members taking into account all of the following:
 - a) The member's record
 - b) Scheme rules
 - c) Relevant legislation
- D. Use the **calculations** from one of the case studies completed to **write a letter** to the member, sponsor or trustee. This letter must be a standard letter of response – **NOT** single bullet points.

EXPLANATION - Calculations **could** include the recalculation of benefits to ensure minimum contracting-out requirements are met.

Unit 3

Calculate and Quote Pension Scheme Retirement Benefits for Members without Special Circumstances

The aim of this unit is to:

Understand 'Retirement Benefit' options within normal circumstances and in accordance with all relevant guidance and legislation. The learner will then be to apply this knowledge in the production of a 'retirement benefits' quote to the scheme member.

| | | | | | |
|---|------------------------------|--|--|----------------|---|
| Unit Level | 3 | Unit Reference | Y/618/6397 | Credits | 3 |
| TQT | 39 | Unit Grading Structure | Pass / Fail | | |
| Assessment Guidance | 3.5 Hour written exam online | | | | |
| Learning Outcomes – the learner will | | | Assessment Criteria – the learner can | | |
| 1. Be able to explain the scheme rules for each of the schemes used in the case study examinations covering the payment of retirement benefits | 1.1 | Use the correct personal details from the member's record. | | | |
| | 1.2 | Show the full range of requested options which are allowed based on the member's record and the scheme rules. | | | |
| | 1.3 | Apply scheme definitions accurately. | | | |
| | 1.4 | Apply all relevant legislation correctly in relation to retirement benefits. | | | |
| 2. Demonstrate how to apply actuarial / revaluation factors and how to apply annuity rates | 2.1 | Set out calculations for each retirement option according to accepted procedures. | | | |
| 3. Show the benefit options in an approved format and in accordance with accepted procedure | 3.1 | Carry out calculations manually for each retirement option without arithmetical errors. | | | |
| | 3.2 | Recalculate benefits to meet minimum contracting-out requirements (if necessary). | | | |
| 4. Be able to explain the effects of overriding legislation on the benefits and options payable (taking into account regulations and requirements of HM Revenue & Customs and the Department for Work and Pensions) | 4.1 | Calculate and provide information in accordance with regulations imposed by HM Revenue & Customs and the Department for Work and Pensions, as appropriate. | | | |
| 5. Explain what information and documentation is required before the scheme can settle the benefits | 5.1 | Write a letter to the member, sponsor or trustee and quote benefits which match the calculations. | | | |
| | 5.2 | Show the benefit options in an approved format and in accordance with accepted procedure. | | | |
| | 5.3 | Provide complete and accurate information to accompany the quotation and requested payment details. | | | |
| | 5.4 | Give instructions to the addressee on the response you require. | | | |

Guidance:

On successful completion of this unit, learners will know and understand:

- The scheme rules for each of the schemes used in the case study examinations covering the payment of **retirement benefits**
- The effects of overriding legislation on the benefits and options payable (taking into account regulations and requirements of HM Revenue & Customs and the Department for Work and Pensions)
- How to deal with Guaranteed Minimum Pensions, contracting-out requirements and conditions for payment
- How to apply actuarial factors
- How to apply annuity rates
- How to apply statutory increases on deferred pensions for the period between date of exit and date of retirement
- How to apply statutory increases on pensions in payment
- The Disclosure requirements
- Trustees' requirement for the discharge of benefits
- The distinction between giving financial information and financial advice (in accordance with the latest Financial Services and Markets Act)
- What information and documentation is required before the scheme can settle the benefits

In meeting the performance criteria, learners must demonstrate that they can:

- A. Identify and apply **scheme rules and definitions** for all of the following:
 - a) Final salary (*including contracted out and non-contracted out categories of benefit*)
 - b) Career average revalued earnings (CARE)
 - c) Money purchase
- B. Set out and provide fully worked manual **calculations** for all of the following **retirement benefit** options:
 - a) Full pension
 - b) Cash sum with reduced pension
 - c) Dependant's pension
- C. Set out and provide fully worked manual **calculations** for all of the following **retirement benefit** scenarios (*from active and non-active status*)
 - a) Normal
 - b) Early
 - c) Late
 - d) Ill health
- D. Determine the **options** open to members taking into account all of the following:
 - a) The member's record
 - b) Scheme rules
 - c) Relevant legislation

- E. Use the **calculations** from one of the case studies completed to **write a letter** to the member, sponsor or trustee. This letter must be a standard letter of response – **NOT** single bullet points.

EXPLANATION - Calculations **could** include the recalculation of benefits to ensure minimum contracting-out requirements are met or suggestions for a suitable course of action if Lifetime Allowance limits have been exceeded.

Unit 4

Calculate and Quote Pension Scheme Transfer In and Transfer Out Benefits for Members

The aim of this unit is to:

Understand `Transfer Out and Transfer In Benefit` options within normal circumstances and in accordance with all relevant guidance and legislation. The learner will then be able to apply this knowledge in the production of a `transfer in benefits` quote and a `transfer out benefits` quote to the scheme member.

| | | | | | |
|--|--------------------------------|---|--|----------------|---|
| Unit Level | 3 | Unit Reference | D/618/6398 | Credits | 3 |
| TQT | 39 | Unit Grading Structure | Pass / Fail | | |
| Assessment Guidance | 3.5 Hour practical exam online | | | | |
| Learning Outcomes – the learner will | | | Assessment Criteria – the learner can | | |
| 1. Be able to explain the scheme rules for each of the schemes used in the case study examinations covering the payment of transfer benefits | 1.1 | Use the correct personal details from the member's record. | | | |
| | 1.2 | Show the full range of requested options which are allowed based on the member's record and the scheme rules. | | | |
| | 1.3 | Apply scheme definitions accurately. | | | |
| | 1.4 | Apply all relevant legislation correctly in relation to transfer benefits. | | | |
| 2. Demonstrate how to apply actuarial/ revaluation factors | 2.1 | Set out calculations for each transfer option according to accepted procedures. | | | |
| 3. Show the benefit options in an approved format and in accordance with accepted procedure | 3.1 | Carry out calculations manually for each transfer option without arithmetical errors. | | | |
| 4. Explain what information and documentation is required before the scheme can settle the benefits | 4.1 | Write a letter to the beneficiary, sponsor or trustee and quote benefits which match your calculations. | | | |
| | 4.2 | Show the benefit options in an approved format and in accordance with accepted procedure. | | | |
| | 4.3 | Provide complete and accurate information to accompany the quotation and requested payment details. | | | |
| | 4.4 | Give instructions to the addressee on the response you require. | | | |

Guidance:

On successful completion of this unit, learners will know and understand:

- The scheme rules for each of the schemes used in the case study examinations relating to (a) the calculation of the monetary value for a **transfer out** and (b) the calculation of the benefits provided by a **transfer in**
- How to apply actuarial factors
- How to apply revaluation factors
- The effects of overriding legislation on the benefits and options available in exchange for a transfer value
- The Disclosure requirements
- The distinction between giving financial information and financial advice (in accordance with the latest Financial Services and Market Act)
- What information and documentation is required before the ceding scheme / receiving scheme can settle the benefits
- The requirements of legislation on time scales and, where appropriate, the guarantee period for quotations

In meeting the performance criteria, learners must demonstrate that they can:

- A. Identify and apply **scheme rules and definitions** for all of the following:
- a) Final salary (*including contracted out and non-contracted out categories of benefit*)
 - b) Career average revalued earnings (CARE)
 - c) Money purchase
- B. Set out and provide fully worked manual **calculations** for all of the following:
- a) The transfer value of benefits accrued while a member of an occupational pension scheme
 - b) The additional benefits secured in a member's current scheme by the transfer value from a previous pension arrangement
- C. Determine the **options** open to members taking into account all of the following:
- a) The member's record
 - b) Scheme rules
 - c) Relevant legislation
- D. Use the **calculations** from **one** of the case studies completed to **write a letter** to the member, sponsor or trustee, quoting the benefits purchased in respect of a transfer in from a **previous Scheme**
- E. Use the **calculations** from **one** of the case studies completed to **write a letter** to the member, sponsor or trustee, quoting the transfer value available to a **new Scheme**

Unit 5

Calculate and Quote Pension Scheme Death Benefits for Members with Special Circumstances

The aim of this unit is to:

Understand 'Death Benefit' options where special circumstances apply and in accordance with all relevant guidance and legislation. The learner will then be able to apply this knowledge in the production of a 'death benefits' quote to the trustees or beneficiaries.

| | | | | | |
|---|------------------------------|---|--|----------------|---|
| Unit Level | 4 | Unit Reference | H/618/6399 | Credits | 5 |
| TQT | 50 | Unit Grading Structure | Pass / Fail | | |
| Assessment Guidance | 3.5 Hour written exam online | | | | |
| Learning Outcomes – the learner will | | | Assessment Criteria – the learner can | | |
| 1. Be able to explain the scheme rules for each of the schemes used in the case study examinations covering the payment of death benefits | 1.1 | Use the correct personal details from the member's record. | | | |
| | 1.2 | Show the full range of requested options which are allowed based on the member's record and the scheme rules. | | | |
| | 1.3 | Apply scheme definitions accurately. | | | |
| | 1.4 | Consider and apply any supplementary and discretionary benefits where appropriate. | | | |
| | 1.5 | Apply all relevant legislation correctly in relation to death benefits. | | | |
| 2. Demonstrate how to apply actuarial / revaluation factors | 2.1 | Set out calculations for each benefit option according to accepted procedures. | | | |
| 3. Show the benefit options in an approved format and in accordance with accepted procedure | 3.1 | Carry out calculations manually for each benefit option without arithmetical errors. | | | |
| | 3.2 | Show when lump sum benefits are payable at the trustees' discretion or to the deceased member's estate / legal personal representatives. | | | |
| 4. Be able to explain the effects of overriding legislation on the benefits and options payable (taking into account regulations and requirements of HM Revenue & Customs and the Department for Work and Pensions) | 4.1 | Calculate and provide information in accordance with regulations imposed by HM Revenue & Customs and the Department for Work and Pensions, as appropriate | | | |
| 5. Explain what information and documentation is required before the scheme can settle the benefits | 5.1 | Write a letter to the beneficiary, sponsor or trustee and quote benefits which match your calculations. | | | |
| | 5.2 | Show the benefit options in an approved format and in accordance with accepted procedure. | | | |
| | 5.3 | Detail any supplementary and discretionary benefits. | | | |
| | 5.4 | Provide complete and accurate information to accompany the quotation and requested payment details. | | | |
| | 5.5 | Give instructions to the addressee on the response you require. | | | |

Guidance:

On successful completion of this unit, learners will know and understand:

- The scheme rules for each of the schemes used in the case study examinations covering the payment of **death benefits**
- How to deal with supplementary and discretionary benefits
- The effects of overriding legislation on the benefits and options payable (taking into account regulations and requirements of HM Revenue & Customs and the Department for Work and Pensions)
- How to deal with Guaranteed Minimum Pensions, contracting-out requirements and conditions for payment
- How the benefit is comprised – (refund of contributions, lump sum (life assurance / 5-year guarantee) and spouse's pension (including child pensions))
- How to apply actuarial factors
- How to apply statutory increases on deferred pensions for the period between date of exit and date of death
- How to apply statutory increases on pensions in payment
- The Disclosure requirements
- The distinction between giving financial information and financial advice (in accordance with the latest Financial Services and Markets Act)
- The distinction between paying lump sum benefits at the trustees' discretion or to the deceased member's estate / legal personal representative(s)
- What information and documentation is required before the scheme can settle the benefits

In meeting the performance criteria, learners must demonstrate that they can:

- A. Identify and apply **scheme rules and definitions** for all of the following:
- a. Final salary (*including contracted out and non-contracted out categories of benefit*)
 - b. Career average revalued earnings (CARE)
 - c. Money purchase
- B. Take into account all of the following **supplementary and discretionary benefits**:
- a) Split rates of accrual
 - b) Part-time service
 - c) Transferred-in benefits
 - d) Additional voluntary contributions
 - e) Augmentations
- C. Set out and provide fully worked manual **calculations** for all of the following **death benefits**:
- a) Refund of contributions
 - b) Lump sum (life assurance / 5-year guarantee)
 - c) Spouse's pension

- D. Set out and provide fully worked manual **calculations** for all of the following **death benefit** scenarios:
- a) Death in service
 - b) Death in deferment
 - c) Death in retirement
- E. Identify when lump sum benefits are **payable**:
- a) At the trustees' discretion
 - b) To the deceased member's estate / legal personal representative(s)
- F. Determine the **options** open to members taking into account all of the following:
- a) The member's record
 - b) Scheme rules
 - c) Relevant legislation
- G. Use the **calculations** from one of the case studies completed to **write a letter** to the beneficiary, sponsor or trustee. This letter must be a standard letter of response – **NOT** single bullet points.

EXPLANATION - Calculations **could** include the recalculation of benefits to ensure minimum contracting-out requirements are met or suggestions for a suitable course of action if Lifetime Allowance limits have been exceeded.

Unit 6

Calculate and Quote Pension Scheme Leaver Benefits for Members with Special Circumstances

The aim of this unit is to:

Understand 'Leaver Benefit' options where special circumstances apply and in accordance with all relevant guidance and legislation. The learner will then be able to apply this knowledge in the production of a 'leaver benefits' quote to the scheme member.

| | | | | | |
|---|------------------------------|---|--|----------------|---|
| Unit Level | 4 | Unit Reference | L/618/6400 | Credits | 5 |
| TQT | 50 | Unit Grading Structure | Pass / Fail | | |
| Assessment Guidance | 3.5 Hour written exam online | | | | |
| Learning Outcomes – the learner will | | | Assessment Criteria – the learner can | | |
| 1. Be able to explain the scheme rules for each of the schemes used in the case study examinations covering the payment of leaver benefits | 1.1 | Use the correct personal details from the member's record. | | | |
| | 1.2 | Show the full range of requested options which are allowed based on the member's record and the scheme rules. | | | |
| | 1.3 | Apply scheme definitions accurately. | | | |
| | 1.4 | Consider and apply any supplementary and discretionary benefits where appropriate. | | | |
| | 1.5 | Apply all relevant legislation correctly in relation to leaver benefits. | | | |
| 2. Demonstrate how to apply revaluation factors and how to calculate tax for refunds | 2.1 | Set out calculations for each benefit option according to accepted procedures. | | | |
| 3. Show the benefit options in an approved format and in accordance with accepted procedure | 3.1 | Carry out calculations manually for each benefit option without arithmetical errors. | | | |
| 4. Be able to explain the effects of overriding legislation on the benefits and options payable (taking into account regulations and requirements of HM Revenue & Customs and the Department for Work and Pensions) | 4.1 | Calculate and provide information in accordance with regulations imposed by HM Revenue & Customs and the Department for Work and Pensions, as appropriate | | | |
| 5. Explain what information and documentation is required before the scheme can settle the benefits | 5.1 | Write a letter to the member, sponsor or trustee and quote benefits which match your calculations. | | | |
| | 5.2 | Provide complete and accurate information to accompany the quotation and requested payment details. | | | |
| | 5.3 | Detail any supplementary and discretionary benefits. | | | |
| | 5.4 | Show the benefit options in an approved format and in accordance with accepted procedure. | | | |
| | 5.5 | Provide complete and accurate information to accompany the quotation and requested payment details. | | | |

Guidance:

On successful completion of this unit, learners will know and understand:

- The scheme rules for each of the schemes used in the case study examinations covering the payment of **leaver benefits**
- How to deal with supplementary and discretionary benefits
- The effects of overriding legislation on the benefits and options payable (taking into account regulations and requirements of HM Revenue & Customs and the Department for Work and Pensions)
- How to deal with Guaranteed Minimum Pensions, contracting-out requirements and conditions for payment
- How to calculate tax on refund calculations
- How to apply statutory increases on deferred pensions for the period between date of exit and normal retirement date
- The Disclosure requirements
- The distinction between giving financial information and financial advice (in accordance with the latest Financial Services and Market Act)
- What information and documentation is required before the scheme can settle the benefits (particularly in relation to refunds)

In meeting the performance criteria, learners must demonstrate that they can:

- A. Identify and apply **scheme rules and definitions** for all of the following:
- a) Final salary (*including contracted out and non-contracted out categories of benefit*)
 - b) Career average revalued earnings (CARE)
 - c) Money purchase
- B. Take into account all of the following **supplementary and discretionary benefits**:
- a) Split rates of accrual
 - b) Part-time service
 - c) Transferred-in benefits
 - d) Additional voluntary contributions
 - e) Augmentations
- C. Set out and provide fully worked manual **calculations** for all of the following:
- a) Members leaving employment
 - b) Members opting out of the scheme
- D. Determine the **options** open to members taking into account all of the following:
- a) The member's record
 - b) Scheme rules
 - c) Relevant legislation

- E. Use the **calculations** from one of the case studies completed to **write a letter** to the member, sponsor or trustee. This letter must be a standard letter of response – **NOT** single bullet points.

EXPLANATION - Calculations **could** include the recalculation of benefits to ensure minimum contracting-out requirements are met.

Unit 7

Calculate and Quote Pension Scheme Retirement Benefits for Members with Special Circumstances

The aim of this unit is to:

Understand *Retirement Benefit* options where special circumstances apply and in accordance with all relevant guidance and legislation. The learner will then be able to apply this knowledge in the production of a 'retirement benefits' quote to the scheme member.

| | | | | | |
|--|------------------------------|---|-------------|----------------|---|
| Unit Level | 4 | Unit Reference | R/618/6401 | Credits | 5 |
| TQT | 50 | Unit Grading Structure | Pass / Fail | | |
| Assessment Guidance | 3.5 Hour written exam online | | | | |
| Learning Outcomes – the learner will | | Assessment Criteria – the learner can | | | |
| 1. Be able to explain the schemerulesfor each of the schemes used in the case study examinations covering the payment of retirement benefits | 1.1 | Use the correct personal details from the member's record. | | | |
| | 1.2 | Show the full range of requested options which are allowed based on the member's record and the scheme rules. | | | |
| | 1.3 | Apply scheme definitions accurately. | | | |
| | 1.4 | Consider and apply any supplementary and discretionary benefits where appropriate. | | | |
| | 1.5 | Apply all relevant legislation correctly in relation to retirement benefits. | | | |
| 2. Demonstrate howtoapply actuarial/ revaluation factors and how to apply annuity rates | 2.1 | Setout calculationsforeach benefit optionaccording to accepted procedures. | | | |
| 3. Show the benefit options in an approved format and in accordance with accepted procedure | 3.1 | Carry out calculations manually for each benefit option without arithmetical errors. | | | |
| | 3.2 | Recalculate benefits to meet minimum contracting-out requirements (if necessary). | | | |
| 4. Be able to explain the effects of overriding legislation onthe benefits and options payable (taking into account regulations and requirements of HM Revenue & Customs and the Department for Work and Pensions) | 4.1 | Calculate and provide information in accordance with regulations imposed by HM Revenue & Customs and the Department for Work and Pensions, as appropriate | | | |
| 5. Explain what information and documentation is required before the scheme can settle the benefits | 5.1 | Write a letter to the member, sponsor or trustee and quote benefits which match your calculations. | | | |
| | 5.2 | Show the benefit options in an approved format and in accordance with accepted procedure. | | | |
| | 5.3 | Detail any supplementary and discretionary benefits. | | | |
| | 5.4 | Provide complete and accurate information to accompany the quotation and requested payment details. | | | |
| | 5.5 | Give instructions to the addressee on the response you require. | | | |

Guidance:

On successful completion of this unit, learners will know and understand:

- The scheme rules for each of the schemes used in the case study examinations covering the payment of **retirement benefits**
- How to deal with supplementary and discretionary benefits
- The effects of overriding legislation on the benefits and options payable (taking into account regulations and requirements of HM Revenue & Customs and the Department for Work and Pensions)
- How to deal with Guaranteed Minimum Pensions, contracting-out requirements and conditions for payment
- How to apply actuarial factors
- How to apply annuity rates
- How to apply statutory increases on deferred pensions for the period between date of exit and date of retirement
- How to apply statutory increases on pensions in payment
- The Disclosure requirements
- Trustees' requirement for the discharge of benefits
- The distinction between giving financial information and financial advice (in accordance with the latest Financial Services and Markets Act)
- What information and documentation is required before the scheme can settle the benefits

In meeting the performance criteria, learners must demonstrate that they can:

- A. Identify and apply **scheme rules and definitions** for all of the following:
- a) Final salary (*including contracted out and non-contracted out categories of benefit*)
 - b) Career average revalued earnings (CARE)
 - c) Money purchase
- B. Take into account all of the following **supplementary and discretionary benefits**:
- a) Split rates of accrual
 - b) Part-time service
 - c) Transferred-in benefits
 - d) Additional voluntary contributions
 - e) Augmentations
- C. Set out and provide fully worked manual **calculations** for all of the following **retirement benefit** options:
- a) Full pension
 - b) Cash sum with reduced pension
 - c) Dependant's pension
- D. Set out and provide fully worked manual **calculations** for all of the following **retirement benefit** scenarios (*from active and non-active status*)
- a) Normal
 - b) Early
 - c) Late
 - d) Ill health

- E. Determine the **options** open to members taking into account all of the following:
- a) The member's record
 - b) Scheme rules
 - c) Relevant legislation
- F. Use the **calculations** from one of the case studies completed to **write a letter** to the member, sponsor or trustee. This letter must be a standard letter of response – **NOT** single bullet points.

EXPLANATION - Calculations **could** include the recalculation of benefits to ensure minimum contracting-out requirements are met or suggestions for a suitable course of action if Lifetime Allowance limits have been exceeded.