

# Retirement Provision Certificate — Mock Exam (Level 4)

## **Total Questions: 80**

**Instructions:** Choose the correct answer for each question. Only one option is correct.

## **Section 1: Standard Multiple-Choice Questions (Q1–Q70)**

### **Pensions Industry (Q1–Q7)**

- Q1. What was one of the major reforms introduced by the Pensions Act 2004?
- a) Introduction of mandatory auto-enrolment
  - b) Introduction of the current statutory funding objective for DB schemes
  - c) Abolition of SERPS
  - d) Implementation of stakeholder pensions
- Q2. Which body replaced OPRA in 2005 to oversee the UK Occupational Pensions Industry?
- a) The Pensions Ombudsman
  - b) The Financial Ombudsman
  - c) The Pensions Regulator
  - d) The Financial Conduct Authority
- Q3. The Welfare Reform and Pensions Act 1999 introduced which major change?
- a) Equalisation of pension ages
  - b) The Pension Protection Fund
  - c) Stakeholder pensions requirement for employers
  - d) Pension tax simplification
- Q4. Which one of the following is not true in respect of auto-enrolment?
- a) Staging dates were between 1 October 2012 and 1 February 2018
  - b) To be eligible a worker must qualify as a "job holder"
  - c) A CARE scheme cannot be used to meet the auto-enrolment requirements
  - d) Compliance with the auto-enrolment requirements is policed by TPR

Q5. A definition of "Master Trust" was introduced under which of the following Acts?

- a) Pension Schemes Act 2021
- b) Pensions Act 1995
- c) Finance Act 2004
- d) Pension Schemes Act 2017

Q6. What is the purpose of the pensions dashboard?

- a) To compare annuity providers
- b) To offer tax-free lump sum options
- c) To consolidate all an individual's pensions into one view online
- d) To calculate automatic enrolment contributions

Q7. "Contracting out" of SERPS/S2P historically allowed DB Scheme members to:

- a) Exit from the State Pension Scheme entirely
- b) Pay reduced National Insurance contributions as their employer's scheme provided a minimum level of benefits
- c) Avoid paying any National Insurance contributions
- d) Invest in cash-only products

#### **Pension Provision (Q8–Q14)**

Q8. What is a hybrid pension scheme?

- a) One that operates under both TPR and FCA
- b) One that combines DB and DC features
- c) State scheme with tax relief
- d) One that offers both cash balance and annuity options

Q9. Which best defines a defined benefits scheme?

- a) A scheme based on member earnings
- b) A scheme based on average lifetime salary
- c) A scheme based on final pensionable earnings
- d) An occupational money purchase scheme

Q10. How are DB scheme benefits protected for early leavers?

- a) By revaluing deferred pensions
- b) Through a return of contributions
- c) Through the Financial Conduct Authority
- d) Through the investment choices made

Q11. Which of the following is an independent body which sets standards for pensions' administration and provides help and guidance to achieve this?

- a) CII
- b) APL
- c) PASA
- d) MaPS

Q12. What is revaluation in a DB scheme?

- a) Increases applied to benefits such as pensions for a period of deferment before they're payable
- b) Reviewing the investment policy
- c) Rebalancing the investment portfolio
- d) Applying a new annuity rate

Q13. Why are CARE schemes often more affordable than final salary schemes?

- a) They offer no guarantees
- b) They use average earnings
- c) They are funded entirely by members
- d) They are trust-based

Q14. What's the key risk for a member in a DC scheme?

- a) Inflation risk
- b) Investment returns might not provide an adequate retirement income
- c) Final salary calculation
- d) Guaranteed income shortfall

### **Government, Regulation & Tax (Q15–Q21)**

Q15. Which body regulates trust-based occupational schemes?

- a) FCA
- b) PRA
- c) TPR
- d) HMRC

Q16. HMRC's pension role includes:

- a) Paying the State Pension
- b) Granting scheme authorisation to Master Trusts
- c) Tax registration and relief monitoring
- d) Ensuring trustees comply with the funding requirements

Q17. The FCA regulates:

- a) Contract-based pension providers and investment advisers
- b) Defined benefit schemes only
- c) Public sector pensions
- d) Trustee boards

Q18. What is the key function of the Pension Protection Fund (PPF)? To

- a) regulate State Pension
- b) guarantee annuity purchases
- c) protect DB members on employer insolvency
- d) revalue deferred pensions

Q19. Which one of the following is not a power of TPR?

- a) Issuing a contribution notice
- b) Issuing a financial support direction
- c) Investigating complaints about injustice caused by scheme maladministration
- d) Fining trustees and employers where appropriate

Q20. Which benefit is not generally taxable?

- a) State Pension
- b) Any DB scheme lump sum
- c) SIPP income
- d) A member's ordinary Pension Commencement Lump Sum

Q21. Tax relief on pension contributions is generally:

- a) At a flat rate of 10%
- b) At an individual's basic or marginal income tax rate
- c) At a flat rate of 25%
- d) Not given

**State Benefits (Q22–Q28)**

Q22. The full new State Pension requires how many qualifying years?

- a) 20
- b) 25
- c) 35
- d) 40

Q23. The triple lock links State Pension increases to the higher of:

- a) The increase in CPI or RPI, and 3%
- b) Inflation, earnings growth, or 2.5%
- c) GDP, earnings growth, or inflation
- d) Council tax increase, inflation, or 3%

Q24. Which of the following sets the direction of the UK's economic policy and works to achieve strong and sustainable economic growth?

- a) HM Revenue & Customs
- b) Financial Conduct Authority
- c) HM Treasury
- d) Prudential Regulation Authority

Q25. Child Benefit is recovered by tax when one earner earns:

- a) Over £30,000
- b) Over £50,000
- c) Over £60,000
- d) Under £50,000

Q26. The State Pension is:

- a) Means-tested
- b) Based on salary at retirement
- c) Contributory and based on NICs paid
- d) Funded from individual pension pots

Q27. The State Pension age is determined by:

- a) HMRC
- b) Government policy and legislation informed by life expectancy reviews
- c) The Pensions Ombudsman
- d) TPR policy

Q28. Universal Credit replaces which of the following?

- a) Child Benefit
- b) Jobseeker's Allowance
- c) Tax-free pension lump sums
- d) National Insurance credits

### **Workplace Pensions (Q29–Q38)**

Q29. Auto-enrolment requirements apply to workers earning over:

- a) £5,000 per year
- b) £10,000 per year
- c) £20,000 per year
- d) £25,000 per year#

Q30. A non-contributory scheme means:

- a) The employer pays all contributions
- b) No pension tax relief applies
- c) Only AVCs are permitted
- d) It's outside the auto-enrolment requirements

Q31. A trust-based scheme is governed by:

- a) Companies House
- b) The FCA
- c) A board of trustees
- d) HMRC

Q32. Group personal pensions are:

- a) DB schemes
- b) Set up by employers and contract-based
- c) Regulated by TPR
- d) Only for public sector workers

Q33. Master Trusts differ by:

- a) Being single-employer DB schemes
- b) Covering multiple unrelated employers under one trust
- c) Offering only AVCs
- d) Having no trustees

Q34. Which of these is a feature of a DC pension scheme?

- a) Level of pension benefits is known
- b) Investment risk is borne by the employer
- c) Unknown costs for the employer
- d) Each member's pension pot is kept separate

Q35. Which of the following are mandatory under the automatic enrolment requirements for a DC pension scheme?

- a) Fixed employer contribution of 10%
- b) Immediate vesting
- c) Minimum contributions and opt-out right
- d) Ability to withdraw at any time

Q36. What must an employer provide within one month of auto-enrolling an employee?

- a) Cash value of the scheme
- b) Scheme rules
- c) Statutory enrolment information
- d) Transfer out form

Q37. Who bears the investment risk in a cash balance scheme?

- a) Employer
- b) Employees
- c) Combination of employer and employees
- d) There is no investment risk

Q38 Legislation has permitted Collective Money Purchase Schemes to be established since August

- a) 2000
- b) 2006
- c) 2011
- d) 2022

**Trusteeship, Investment, Individual Pensions (Q39–Q70)**

Q39. What is the primary duty of a pension scheme trustee?

- a) Maximising investment returns
- b) Acting in the best interests of scheme members and beneficiaries
- c) Ensuring employer profitability
- d) Approving all member withdrawals

Q40. Which document outlines a pension scheme's investment strategy?

- a) Trust deed
- b) Statement of Investment Principles
- c) Annual report
- d) Contribution schedule

Q41. A SIPP is best described as:

- a) A defined benefit pension
- b) A self-invested personal pension
- c) A state-backed pension scheme
- d) A group occupational scheme

Q42. What is the purpose of a default investment fund in a DC scheme?

- a) To guarantee returns
- b) To provide a low-risk option for members who have not taken any decision on their fund investment
- c) To invest solely in equities
- d) To fund employer contributions

Q43. Which risk is most relevant to pension scheme investments?

- a) Market volatility
- b) Employee turnover
- c) Regulatory changes
- d) Tax rate fluctuations

Q44. Prior to 6 April 2023 the Lifetime Allowance limited:

- a) Annual pension contributions
- b) Total tax-free pension savings
- c) Employer contributions
- d) Investment choices

Q45. What is an uncrystallised funds pension lump sum (UFPLS)?

- a) A tax-free lump sum from a DB scheme
- b) A withdrawal option from a DC pension under certain circumstances
- c) A state pension top-up
- d) A mandatory employer contribution

Q46. Which body resolves pension disputes?

- a) The Pensions Ombudsman
- b) The FCA
- c) HMRC
- d) TPR

Q47. In a DB scheme, what is a funding ratio?  
Ratio of:

- a) Contributions to withdrawals
- b) Assets to liabilities
- c) Employer to employee contributions
- d) Investment returns to inflation

Q48. What is the role of a Scheme Actuary?

- a) Managing investments
- b) Calculating funding requirements
- c) Approving member benefits
- d) Auditing tax relief

Q49. Which investment type is typically high-risk in a pension portfolio?

- a) Government bonds
- b) Equities
- c) Index-linked securities
- d) Fixed-income securities

Q50. What does ESG stand for in pension investments?

- a) Economic Stability Guarantee
- b) Environmental, Social, Governance
- c) Employee Savings Growth
- d) Ethical Standards Group

Q51. Which of the following had to be appointed to a SSAS up to 5 April 2006?

- a) Corporate trustee
- b) Independent trustee
- c) Pensioner trustee
- d) Sole trustee

Q52. Which of the following is not true for a stakeholder pension?

- a) It is a type of personal pension
- b) Management charges are restricted
- c) It can't be used to qualify for the auto-enrolment requirements
- d) There must be a suitable default option for members unwilling or unable to make investment decisions

Q53. Which legislation governs pension scheme governance?

- a) Finance Act 2004
- b) Pensions Act 1995
- c) Companies Act 2006
- d) Welfare Reform Act 1999

Q54. What is a pension scheme's normal retirement age?

- a) Age set by HMRC
- b) Age defined in scheme rules
- c) State Pension age
- d) Age 65 for all schemes

Q55. A buyout involves:

- a) Purchasing an annuity for DB members
- b) Selling pension assets
- c) Merging two pension schemes
- d) Increasing contributions

Q56. Who has introduced a voluntary "pledge to combat pension scams" by providing guidance for trustees?

- a) The Pensions Policy Institute
- b) The Pensions Regulator
- c) The Financial Conduct Authority
- d) The Prudential Regulation Authority

Q57. Which of these is a feature of a small self-administered scheme (SSAS)?

- a) Limited to large employers
- b) Allows investment in business assets
- c) State-backed pension provision
- d) No tax relief is given

Q58. What is the Money Purchase Annual Allowance (MPAA)?

- a) Limit on DB contributions
- b) Reduced contribution limit that applies after accessing DC benefits flexibly for the first time
- c) Tax-free lump sum cap
- d) Employer contribution limit

Q59. A pension scheme's Statement of Funding Principles is required for:

- a) DC schemes
- b) DB schemes
- c) State pensions
- d) Personal pensions

Q60 Which one of the following is **not** correct? Trustees:

- a) Must act prudently
- b) Can never be a member of the pension scheme
- c) Have a duty to invest the trust assets
- d) Must avoid or manage conflicts of interest

Q61. Which asset class is typically used for liability matching in mature DB schemes?

- a) Equities
- b) Corporate bonds
- c) Gilts
- d) Property

Q62. What does a pension scheme's Recovery Plan address?

- a) Investment gains
- b) Funding deficits
- c) Member withdrawals
- d) Tax liabilities

Q63. A QROPS is:

- a) A UK-based pension scheme
- b) A qualifying recognised overseas pension scheme
- c) A state pension supplement
- d) A guaranteed income plan

Q64. What is the purpose of a pension scheme's risk register? To

- a) track investment performance
- b) identify and manage scheme risks
- c) record member contributions
- d) calculate tax relief

Q65 Which of these statements about personal pensions is correct?

- a) A personal pension cannot accept transfers from other pension arrangements
- b) Protected rights benefits could not be taken before age 67
- c) Employees can be members of both an occupational pension scheme and have a personal pension at the same time
- d) A personal pension could never accept a NI rebate

Q66. A pension scheme's technical provisions are:

- a) Estimated liabilities for DB schemes
- b) Investment guarantees
- c) Member contributions
- d) Tax relief limits

Q67. What is a key feature of a personal pension?

- a) Employer-managed
- b) Individual contract with the provider
- c) Guaranteed benefits
- d) Trust-based governance

Q68 Which of the following is not a recognised ISA saving option?

- a) Cash ISA
- b) Innovative Finance ISA
- c) Stocks and Shares ISA
- d) Pensioners ISA

Q69. In relation to a DB scheme of less than 100 members, which of the following is not true?

- a) An actuarial valuation has to be carried out every three years
- b) Assumptions are made regarding mortality
- c) A copy of the actuarial valuation has to be given automatically to all members
- d) Assumptions are made regarding inflation

Q70. The role of an investment consultant is to:

- a) Manage member benefits
- b) Advise on investment strategy
- c) Calculate tax relief
- d) Approve pension transfers

## **Section 2: Two-Part Statement Questions (Q71–Q80)**

Q71 Protected characteristics under the Equality Act 2010 include:

- (i) Age and religion or belief
- (ii) Disability and race

- a) Both True
- b) Only (i) True
- c) Only (ii) True
- d) Both False

Q72. A SIPP:

- (i) Allows member-directed investments
- (ii) Is regulated by TPR

- a) Both True
- b) Only (i) True
- c) Only (ii) True
- d) Both False

Q73. DB schemes:

- (i) Provide members with a benefit based on final pensionable salary
- (ii) Eliminate all financial risk for employers

- a) Both True
- b) Only (i) True
- c) Only (ii) True
- d) Both False

Q74. The PPF:

- (i) Pays compensation based on age and accrual
- (ii) Covers DC schemes in full

- a) Both True
- b) Only (i) True
- c) Only (ii) True
- d) Both False

Q75. The Annual Allowance:

- (i) Limits tax-advantaged contributions
  - (ii) Applies to both DB and DC schemes
- a) Both True
  - b) Only (i) True
  - c) Only (ii) True
  - d) Both False

Q76. An Independent Trustee:

- (i) Brings in-depth knowledge and understanding to the role of trustee
  - (ii) Is required in all schemes
- a) Both True
  - b) Only (i) True
  - c) Only (ii) True
  - d) Both False

Q77. FCA-authorised advisers:

- (i) Must follow rules and guidance produced by the FCA
  - (ii) Can give generic guidance only
- a) Both True
  - b) Only (i) True
  - c) Only (ii) True
  - d) Both False

Q78. AVCs:

- (i) Are paid voluntarily
  - (ii) Always guarantee returns
- a) Both True
  - b) Only (i) True
  - c) Only (ii) True
  - d) Both False

Q79. GDPR requires Data  
Controllers (e.g. trustees) to:

- (i) Train those who have access to personal data
  - (ii) Keep records indefinitely
- a) Both True
  - b) Only (i) True
  - c) Only (ii) True
  - d) Both False

Q80. Investment strategy in pensions:

- (i) Should align with member benefits and demographic profiles
  - (ii) Must guarantee capital growth
- a) Both True
  - b) Only (i) True
  - c) Only (ii) True
  - d) Both False