

THE PENSIONS MANAGEMENT INSTITUTE  
QUALIFYING EXAMINATION 2017

**DEFINED BENEFIT ARRANGEMENTS**

**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. In most instances, before a scheme can enter the Pension Protection Fund, the sponsoring employer must have suffered a 'qualifying insolvency event'. Describe the circumstances which could be deemed to be a qualifying insolvency event.  
(10 marks)
  
2. Identify the various steps trustees should take in a typical risk management process.  
(10 marks)
  
3. The trustees of most defined benefit schemes put a Statement of Investment Principles (SIP) in place.
  - Outline the actions the trustees must take before the SIP is drawn up;
  - Describe the trustees' policies which must be included.(20 marks)
  
4. Explain the changes made to public sector pension schemes since 2014.  
(10 marks)
  
5. You are the Pensions Manager for 123 Limited. Your Finance Director is concerned about costs and has asked you to write a briefing paper about restructuring the Company's final salary pension scheme to reduce costs.  
(20 marks)

6. Explain what Liability Driven Investment (LDI) is and describe the key components of an LDI strategy.  
(20 marks)
  
7. Explain the state pension provision before 6 April 2016 and how this relates to contracted-out benefits.  
(10 marks)

**OCTOBER 2017**