



**Pensions  
Management  
Institute**  
Moving pensions forward

Registered Office:  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD  
T: +44 (0) 20 7247 1452  
W: [www.pensions-pmi.org.uk](http://www.pensions-pmi.org.uk)

### Core Unit 3 Sample Questions

1. Opting out in the context of automatic enrolment
  - a. means the employer is postponing its staging date
  - b. means the employer is able to use a stakeholder pension scheme instead of a qualifying scheme
  - c. is an option available to an Eligible Jobholder and an Entitled Worker
  - d. is an option available to an Eligible Jobholder and Non-Eligible Jobholder.
  
2. If the annual allowance is exceeded, the consequences are that
  - a. action may be taken by the Regulator against the trustees
  - b. the excess, less tax, must be repaid to the member
  - c. tax will be payable on the excess by the member
  - d. tax will be payable on the excess by the trustees.
  
3. A leaver who has completed two or more years' qualifying service is always entitled to
  - a. an immediate early retirement pension
  - b. preserved benefits
  - c. a cash sum on leaving
  - d. a refund of member's contributions.
  
4. For defined benefit occupational pension schemes, the Pensions Act 2004 allowed the trustees to amend the scheme rules to reduce Limited Price Indexation to RPI up to a maximum of 2.5% a year for which of the following?
  - a. Pensions accruing from 6 April 1997 to 5 April 2005.
  - b. Pre 6 April 1997 contracted out benefits.
  - c. All benefits.
  - d. Pensions accruing from 6 April 2005.
  
5. What schemes are eligible for the Pensions Protection Fund?
  - a. Underfunded defined benefit and hybrid schemes where the employer is insolvent.
  - b. Underfunded defined contribution and hybrid schemes.
  - c. All schemes where the employer is insolvent.
  - d. Underfunded defined benefit and defined contribution schemes where the employer is insolvent.



**Pensions  
Management  
Institute**

Moving pensions forward

Registered Office:  
Devonshire House  
60 Goswell Road  
London  
EC1M 7AD  
T: +44 (0) 20 7247 1452  
W: [www.pensions-pmi.org.uk](http://www.pensions-pmi.org.uk)

6. The Pension Protection Fund became operational on
- 6 April 2003
  - 6 April 2005
  - 6 April 2007
  - 6 April 2009.
7. (i) With effect from 6 April 2006, the concept of Normal Minimum Pension Age was introduced.  
(ii) Since 6 April 2010 the Normal Minimum Pension Age has been 50.
- Both True
  - Only (i) True
  - Only (ii) True
  - Both False

**Correct Responses:**

- D
- C
- B
- D
- A
- B
- B