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PMI Level 3 Certificate in Pensions Essentials

Qualification Specification

PMI Level 3 Certificate in Pensions Essentials

QUALIFICATION AIM
To provide an overview of the requirements of pension administration for administrators and others working on the operation of workplace pension arrangements. This includes:

- the main types, features and structures of arrangements
- reporting requirements
- joining
- benefits
- contributions

PREREQUISITES
There are no formal prerequisites for this qualification; either qualifications or knowledge and experience.

Some candidates will have undertaken the PMI Award in Pensions Essentials.

However, we would anticipate most candidates would be working in the field

TRAILBLAZER APPRENTICESHIP
This qualification can be undertaken as part of the workplace pensions trailblazer apprenticeship. Full details can be found on the PMI website.

QUALIFICATION STRUCTURE AND ASSESSMENT
This qualification comprises eighteen units.

- Unit 1 : HMRC Rules Overview
- Unit 2 : Trivial Commutation and Small Lump Sums for Occupational Pension Schemes
- Unit 3 : Pension Schemes and Divorce
- Unit 4 : Pension Transfers in Occupational Pension Schemes
- Unit 5 : Career Average Revalued Earnings Occupational Pension Schemes
- Unit 6 : Advanced Pension Commencement Lump Sum Rules (including Scheme Specific Protection)
- Unit 7 : Basic Pension Commencement Lump Sum Rules
- Unit 8 : Reporting Requirements for Occupational Pension Schemes
- Unit 9 : Revaluation and Pension Increases for Defined Benefit Pension Schemes
- Unit 10 : Protecting a Member's Pension Benefits From Tax Charges
- Unit 11 : Introduction to Pension Scheme Discontinuance
- Unit 12 : Underfunded Schemes in discontinuance
- Unit 13 : Unauthorised Payments For Registered Pension Schemes
- Unit 14 : Overview of Automatic Enrolment
- Unit 15 : Short Service Refund Lump Sums for Occupational Pension Schemes
- Unit 16 : Introduction to Occupational Pension Scheme Death Benefits
- Unit 17 : The Annual Allowance
- Unit 18 : Introduction to Investment Regulated Pension Schemes

Ten out of the eighteen units must be achieved in order to complete the qualification.

Further details on assessment can be found in the Test Specification.

SYLLABUSES

Each unit syllabus is presented in a form which is intended to give an indication of the depth and breadth of knowledge which is required. A summary of learning outcomes is followed by an outline of each syllabus divided into sections with an initial statement indicating what is expected of candidates and some notes which give an indication of the way in which the initial statement should be interpreted. The learning outcomes use key words in heavy type to indicate the depth and/or breadth of knowledge which is required. The key words should be interpreted as follows:

calculate – compute using numbers
demonstrate - explain or prove by reasoning/example
describe - give a detailed account of
distinguish - mark the difference between
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

RECOMMENDED STUDY TIME

This is also known as Total Qualification Time (TQT) or Guided Learning Hours. TQT is a measure required by Ofqual the qualifications regulator and is comprised of:

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

In order to comply with Ofqual requirements and to provide an estimation of study time we have calculated the following:

As GLH, as defined above, is not common we have estimated a total of 5 hours for this component. For study time we have estimated 25 hours per unit. Therefore TQT = 300 hours for this qualification.

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 eighteen months of registration

QUALIFICATION LEVEL

This qualification has been benchmarked at Level 3 in the national framework.

FEES

Fees for this qualification can be found on this page; http://www.pensions-pmi.org.uk/qualifications-and-learning/certificate-in-pensions-essentials/fees-and-forms/ and here in the Qualification fees document : pmi-qualifications.pdf (pensions-pmi.org.uk)

LINKS WITH OTHER QUALIFICATIONS AND PROGRESSION

Those who complete this qualification could proceed to complete additional PMI administration focussed qualifications such as the Certificate in Pensions Calculations, Certificate in Pension Scheme Member Guidance Certificate in Pensions Administration or Diploma in Pensions

Administration. 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

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

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

CONSTITUENT UNITS

UNIT 1 : HMRC RULES OVERVIEW

Aim

The aim of this unit is to provide occupational pension scheme administrators with;

- an overview of Her Majesty's Revenue & Customs (HMRC) rules that affect all pension schemes and;
- the impact this legislation has had on members' benefits and Benefit Crystallisation Events (BCEs).

Learning Outcomes

On successful completion of this unit candidates will:

- **Understand** the terms Pension Input Period (PIP) and Pension Input Amount (PIA)
- **Understand** the rules affecting the Annual Allowance under the current tax regime and the checks that must be implemented to ensure it is not exceeded
- **Identify** the different Benefit Crystallisation Events and how to calculate a Pension Commencement Lump Sum
- **Distinguish** between the different pension protections
- **Calculate** the percentage of the LTA used for benefits crystallising post 2006 for defined benefit (DB) and defined contribution (DC) schemes
- **Identify** any differences in the LTA calculation if benefits crystallised pre 6 April 2006

Syllabus

1. The rules relating to benefit accrual and the Annual Allowance:
   - 1.1 The current limits on benefit accrual and tax relief
   - 1.2 When the test against Annual Allowance is necessary
   - 1.3 When the Annual Allowance tax charges apply
   - 1.4 How to calculate a basic benefit accrual for a DB scheme
   - 1.5 Money Purchase Annual Allowance (MPAA)

2. Benefits Crystallisation Events (BCE):
   - 2.1 The definition of the term Benefit Crystallisation Event
   - 2.2 The significance of BCE's for occupational pension schemes
   - 2.3 The Benefit Crystallisation Events available for members
   - 2.4 What members have to do when a BCE event occurs
   - 2.5 What administrators of a scheme have to do when a BCE event occurs

3. The knowledge requirements for the various BCEs in relation to the following:
   - 3.1 Retirement
   - 3.2 Ill health retirement
   - 3.3 Pension Commencement Lump Sums (including calculation of a Pension Commencement Lump Sum)
   - 3.4 Death Benefits (including Lump Sum Death Benefits and pension benefits on death)
   - 3.5 Overseas transfers

4. The rules relating to the Lifetime Allowance (LTA):
   - 4.1 Knowledge of the current years LTA
   - 4.2 The significance of the LTA with regard to paying pension and lump sum benefits
   - 4.3 The implications of exceeding the LTA for both members and schemes
   - 4.4 How to calculate a LTA tax charge

5. Dependants' pensions:
   - 5.1 The definition of dependant by HMRC and how it can impact on a scheme specific definition
   - 5.2 Overview of nominees and successors
   - 5.3 Whether a LTA test is used before paying a dependant's benefit when a member has died
   - 5.4 Securing a dependant's pension benefit within the scheme

6. Basic features of protection:
   - 6.1 Including eligibility and differences between the types of protection
   - 6.2 Transitional protection and how this helps a member with pre 6 April 2006 benefits in the scheme
   - 6.3 Primary protection
   - 6.4 Enhanced protection
   - 6.5 Fixed protections

UNIT 2 : TRIVIAL COMMUTATION AND SMALL LUMP SUMS FOR OCCUPATIONAL PENSION SCHEMES

Aim

The aim of this unit is to provide occupational pension scheme administrators with an understanding of the terms ‘trivial commutation’ and ‘small lump sums’ and the rules governing how and when these payments can be made. The unit also explains how to calculate a Trivial Commutation Lump Sum and Her Majesty’s Revenue & Customs (HMRC) conditions for payment

Learning Outcomes

On successful completion of this unit candidates will:

- **Understand** the HMRC rules regarding trivial commutation of pension benefits
- **Understand** the situations when trivial commutation may apply and the surrounding taxation rules
- Be able to **calculate** a crystallised and an uncrystallised trivial commutation payment from a DB scheme.
- **Understand** the HMRC rules regarding trivial commutation payments for dependants’ pensions including any differences in the rules from a normal trivial commutation payment
- **Explain** ‘small lump sums’ and how these can help pension schemes and members.

Syllabus

1. The meaning of the terms ‘trivial commutation’ and ‘small lump sums’
   - 1.1 What is available under DB and DC Schemes
   - 1.2 Advantages of this route for a member
   - 1.3 Advantages of this route for an Employer/scheme
   - 1.4 Which benefits can be trivially commuted

2. HM Revenue & Customs (HMRC) Rules and terminology:
   - 2.1 The current maximum limits
   - 2.2 Importance of benefits in other pension arrangements
   - 2.3 Extinguishing rights to benefits in a scheme
   - 2.4 Nomination dates
   - 2.5 Commutation periods
   - 2.6 Establishing when a commutation can be classed as ‘trivial’ for Uncrystallised and Crystallised benefits

3. Trivial Commutation taxation rules for::
   - 3.1 Uncrystallised benefits
   - 3.2 Crystallised benefits
   - 3.3 Dependants’ pensions.

4. Small Lump Sums:
   - 4.1 Relevant Accretion Rule
   - 4.2 De Minimis Rule and why this rule was introduced
   - 4.3 Payments by occupational pension schemes and public service schemes where a member has accrued rights across different related schemes which are under the small lump sum limit in each related scheme

UNIT 3 : PENSION SCHEMES AND DIVORCE

Aim

The aim of this unit is to provide occupational pension scheme administrators with:

- an overview of divorce legislation,
- the current options available for divorcing couples, and
- the rules and procedures for processing a divorce case

Learning Outcomes

On successful completion of this unit candidates will:

- **Understand** why the pensions and divorce legislation was introduced and identify the main Acts that make up the Pensions and Divorce legislation
- **Understand** the concept of "offsetting" with regards to pensions and divorce
- **Understand** the term "Earmarking/attachment orders" and identify the problems that can occur when dealing with an earmarking case
- **Understand** the impact of "pension sharing" for pension scheme members and their ex-spouse/civil partners and how this differs from Earmarking
- **Explain** the differences between a Pension Credit and Pension Debit
- **Understand** the administrative timescales for dealing with pension sharing divorce cases including the disclosure requirements
- **Understand** the implications of the Implementation period to divorcing parties and the process for finalising the implementation of the pension share
- **Explain** the basic process to follow when dealing with a pension sharing case
- **Understand** the basic administration process to follow when dealing with an earmarking case and identify common problems with forms and court orders received by the court

Syllabus

1. The impact of divorce on a member's pension benefits

2. The legislation impacting on pensions and divorce:
   - 2.1 Matrimonial Causes Act 1973
   - 2.2 The Family Law Act 1985
   - 2.3 The Pensions Act 1995
   - 2.4 The Welfare Reform and Pension Act 1999
   - 2.5 The Civil Partnership Act 2004

3. The principles of "Offsetting" in divorce and why couples/civil partners might wish to choose this option and the scheme administrator's role

4. The impact of Pension Attachment Orders (also known as Earmarking orders) for pension scheme members and their ex-spouse/civil partners:
   - 4.1 What is earmarking?
   - 4.2 The disadvantages of earmarking
   - 4.3 Understanding the importance of receiving a correctly completed Court Order and legal forms used in connection with earmarking
   - 4.4 Tax issues with splitting the benefits as set out on the court order (i.e. net annuity or gross annuity)
   - 4.5 Differences with Scottish Earmarking cases

5. The impact of Pension Sharing Court orders for pension scheme members and their ex-spouse/civil partners:
   - 5.1 What is pensions sharing and the information that must be given to a member and their spouse/civil partner should they request information regarding divorce
   - 5.2 What is a Pension Credit and Pension Debit
   - 5.3 Know the difference between internal and external credits
   - 5.4 Understanding the importance of receiving a correctly completed Court Order and legal forms used in connection with pension sharing
   - 5.5 Know how a decree absolute is important to the pension sharing process
   - 5.6 The different approaches for both DB and DC schemes when:
     - Calculating the initial Cash Equivalent Transfer Value (CETV) in the information only process and the final CETV in the implementation process, Also the reasons why these two valuations are different
     - The process for implementing, paying and discharging the CETV to the ex-spouses/civil partners preferred arrangement
     - Discharging the liabilities for both member and ex-spouse/civil partner
     - Recording the members and ex-spouses/civil partners benefits on the system
   - 5.7 Understand the terms “Transfer day” and “Valuation day” and their importance in the implementation process
   - 5.8 Differences with Scottish pension sharing cases
   - 5.9 Disclosure requirements
   - 5.10 Administrative processes, timescales and penalties
   - 5.11 How pension sharing can go wrong

6. HM Revenue & Customs Rules (past and present) including:
   - 6.1 The issues to be aware of for members with Protections and how they may affect divorce and pension benefits

UNIT 4 : PENSION TRANSFERS IN OCCUPATIONAL PENSION SCHEMES

Aim

The aim of this unit is to help occupational pension scheme administrators to understand Her Majesty's Revenue & Customs (HMRC) rules and regulations regarding pension transfers, both within the UK and overseas., In addition, the unit explains how improper or fraudulent transfers have been highlighted by HMRC and the process which scheme administrators should follow to ensure that a transfer payment out of the scheme is valid and does not become an unauthorised payment with subsequent tax penalties to both the scheme and member

Learning Outcomes

On successful completion of this unit candidates will:

- **Understand** what constitutes a transfer within Her Majesty's Revenue & Customs (HMRC) rules and regulations of occupational pension schemes.
- **Understand** the main types of pension schemes that accept transfers in.
- **Understand** the legislation that is concerned with the transfer in and transfer out process of a member's accrued benefits
- **Identify** how 'wind-ups' can affect the cash equivalent transfer value (CETV) when quoting a member's benefits
- **Understand** what a CETV is and how it relates to transfers out, including disclosure requirements and legislative timescales
- **Identify** the different timescales for paying a transfer out of an occupational DC scheme and an occupational DB scheme
- **Understand** what is meant by an improper or fraudulent transfer, identify the warning signs and know the legislation under which compliance is required
- **Understand** the HMRC rules regarding improper transfers
- **Understand** what constitutes a Recognised Overseas Pension Scheme (ROPS) and explain what is required if a member wants to transfer benefits to the UK from an overseas scheme

Syllabus

1. Background to pension transfers:
    - 1.1 What is a transfer and why people transfer
    - 1.2 Types of pension transfer available:
        - Registered pension scheme to another (or to an unregistered scheme)
        - Bulk transfers
        - Divorce pension credits
        - Overseas

2. Legislation affecting pension transfers:
    - 2.1 Pension Schemes Act 1993
    - 2.2 Pensions Act 1995
    - 2.3 Occupational Pension Schemes (Transfer Values and Miscellaneous Amendments) Regulations 2003
    - 2.4 Pensions Act 2004
    - 2.5 Qualifying Recognised Overseas Pension Schemes (QROPS)
    - 2.6 Pensions Act 2015

3. DB pension transfers (in and out):
   - 3.1 When a ‘right’ to a transfer out exists.
   - 3.2 Cash Equivalent Transfer Values (CETV)
   - 3.3 Guarantee Dates
   - 3.4 Timescales for transfer process
   - 3.5 DB scheme funding
   - 3.6 Disclosure requirements/Whistleblowing and Extension of Timescales
   - 3.7 Transferring Guaranteed Minimum Pensions
   - 3.8 Warranty forms and obtaining receiving scheme details and other checks
   - 3.9 Considerations for transfers In
   - 3.10 Member Advice
   - 3.11 DB to DC transfer Requirements

4. DC pension transfers (in and out):
   - 4.1 When a ‘right’ to a transfer out exists.
   - 4.2 Transfer quotes and how they differ from a DB scheme transfer
   - 4.3 Timescales for transfer process
   - 4.4 Warranty forms and obtaining receiving scheme details and other checks
   - 4.5 Considerations for transfers In

5. Winding up of pension schemes:
   - 5.1 How a scheme’s winding up can affect a member’s CETV benefits
   - 5.2 Section 73 valuation and actuary’s involvement

6. Improper transfers:
   - 6.1 Background to improper transfers (including Code of Practice)
   - 6.2 How to identify an improper transfer and ensure own processes are robust (including examples of improper transfers)

7. HMRC Rules for transfers:
   - 7.1 Recognised transfers.
   - 7.2 Transfers and unauthorised payments
   - 7.3 How a transfer can affect any Primary or Enhanced protection held by member.

8. Overseas transfers:
   - 8.1 Background to Recognised Overseas Pension Schemes (ROPS)
   - 8.2 HMRC conditions to be a ROPS
   - 8.3 Recognised Overseas Pension Scheme
   - 8.4 Double taxation agreements
   - 8.5 Transferring to the UK from abroad and special considerations

UNIT 5 : CAREER AVERAGE REVALUED EARNINGS OCCUPATIONAL PENSION SCHEMES

Aim

The aim of this unit is:

- to build on an occupational pension scheme administrator's knowledge of DB type schemes,
- to understand how a Career Average Revalued Earnings (CARE) pension scheme works, and
- why this type of scheme has evolved.

In addition, the occupational pension scheme administrator will learn how the benefits are calculated and why the methods can vary.

Learning Outcomes

On successful completion of this unit candidates will;

- **Understand** what a CARE Scheme is and how it differs from other occupational pension schemes, and why they became less popular but are being used again by employers
- Be able to **identify** the key features and advantages and disadvantages of a CARE scheme
- **Understand** the impact of contracting out on CARE Schemes
- **Identify** the methods of revaluation that are available for a CARE scheme
- **Calculate** a member's pension benefits from a CARE scheme including revaluation

Syllabus

1. History of CARE schemes:
   - 1.1 Pre 1970's
   - 1.2 1970's and High inflation
   - 1.3 Why the concept is being utilised again but with revaluation.•

2. How CARE schemes are structured:
   - 2.1 Main features
   - 2.2 DB in structure
   - 2.3 Advantages and disadvantages of CARE schemes (for members and employers)

3. Contracting out under a CARE scheme:
   - 3.1 Contracting out facilities available for CARE schemes
   - 3.2 The reasons why a CARE scheme might have failed the Reference Scheme Test (RST) requirements and the options available if this event occurred

4. Definitions for benefit calculations:
   - 4.1 Pensionable Salary
   - 4.2 Accrual
   - 4.3 Revaluation

5. How to identify and update CARE schemes on your own company's computer systems

UNIT 6 : ADVANCED PENSION COMMENCEMENT LUMP SUM RULES (INCLUDING SCHEME SPECIFIC PROTECTION)

Aim

The aim of this unit is:

- to provide occupational pension scheme administrators with an understanding of the Pension Commencement Lump Sum (PCLS) principles for DB and DC pension schemes, and
- how to do the complex calculations involving scheme specific protection, enhanced, primary and fixed protections cases

Learning Outcomes

On successful completion of this unit candidates will:

- Be able to **identify** when a member qualifies for Scheme Specific protection of a PCLS
- **Explain** the consequences of a paying a PCLS outside of Her Majesty's Revenue & Customs (HMRC) conditions
- **Explain** the HMRC term "recycling" of a PCLS and provide examples of recycling
- **Distinguish** between the different types of Protection and how a PCLS can be protected
- **Calculate** the maximum PCLS available for different members that qualify for Scheme Protection.
- **Outline** the HMRC conditions for PCLS payment
- **Describe** the conditions that need to be met to prevent the payment from being classed as unauthorised.
- **Explain** the tax implications of paying a PCLS that is outside of the HMRC conditions

Syllabus

1. Background to Protection of Pension Commencement Lump Sums (PCLS).

2. Scheme Specific Protection:
   - 2.1 Why scheme specific protection may apply:
   - • Inland Revenue limits prior to A-day (2006) and Simplification changes
   - 2.2 How to check whether a member's PCLS qualifies for scheme specific protection
   - 2.3 How to calculate a member's scheme protected PCLS in a DC or DB scheme

3. AVCs and scheme protected PCLS:
   - 3.1 How to calculate a PCLS for a member with DC Additional Voluntary Contributions (AVCs) within a DB scheme

4. Primary Protection, Enhanced and Fixed Protections:
   - 4.1 How a PCLS can be protected under Primary, Enhanced and Fixed Protections
   - 4.2 The format and interpretation of HMRC Protection Certificates

5. HMRC tax implications for a Protected PCLS:
   - 5.1 Know the HMRC conditions to ensure that a PCLS does not become classed as an unauthorised payment

6. The term "recycling of a PCLS":
   - 6.1 Know why recycling of a PCLS can be classed as an unauthorised payment by HMRC

UNIT 7 : BASIC PENSION COMMENCEMENT LUMP SUM RULES

Aim

The aim of this unit is to provide occupational pension scheme administrators with:

- an understanding of the Pension Commencement Lump Sum (PCLS) entitlements available to a member from an occupational pension scheme, and
- the basic calculation process.

The unit also covers issues that can arise whilst processing a member's Pension Commencement Lump Sum (PCLS)

Learning Outcomes

On successful completion of this unit candidates will:

- **Understand** the term Pension Commencement Lump Sum (PCLS) and the circumstances under which a PCLS can be paid to a member of a pension scheme
- **Identify** the maximum PCLS ("applicable amount" or 25% of Lifetime Allowance) that is allowable under HMRC rules
- **Understand** how to **calculate** the maximum PCLS for a member due to retire from a DC scheme
- **Understand** the issues that may affect a PCLS payment to a member and the effect of bridging pensions on PCLS payments
- **Understand** the impact of pension sharing court orders and how disqualifying pension credits can impact on a PCLS payment
- **Understand** how the payment of DC Additional Voluntary Contributions can affect DB scheme PCLS payments
- **Calculate** the maximum PCLS available for a member in a DB scheme with DC Additional Voluntary Contributions attached to it
- **Understand** the implications of FAD and UFPLS options as alternatives to a PCLS

Syllabus

1. Pension Commencement Lump Sum (PCLS) overview:
   - 1.1 The meaning of the term PCLS
   - 1.2 HMRC conditions for payment of a PCLS
   - 1.3 The maximum PCLS allowable under HMRC rules
   - 1.4 Entitlement to a PCLS
   - 1.5 Calculation of a maximum PCLS for a DB and DC scheme within the HMRC rules
   - 1.6 The importance of checking the scheme rules with regards to entitlements to PCLS for members

2. How Additional Voluntary Contributions (AVCs) can affect the amount of PCLS payable:
   - 2.1 The effect of DC AVCs on a PCLS from a DB scheme
   - 2.2 Treatment of a DC AVC when attached to a DB scheme including the impact Flexi Access Drawdown (FAD) and Uncrystallised Fund Pension Lump Sum (UFPLS)
   - 2.3 The calculation of the maximum PCLS allowable under HMRC rules if a DB scheme has DC AVCs

3. Disqualifying pension credits:
   - 3.1 The meaning of the term disqualifying pension credit
   - 3.2 How a disqualifying pension credit can affect the maximum PCLS payable for a member

4. Bridging pensions:
   4.1 The meaning of the term bridging pension
   4.2 How the payment of a bridging pension could affect the maximum PCLS payable

5. Contracted-out rights:
   5.1 The relevance of Guaranteed Minimum Pensions and how it can impact on the PCLS available for a member

6. HMRC reporting requirements:
   6.1 When the payment of a PCLS has to be reported

UNIT 8 : REPORTING REQUIREMENTS FOR OCCUPATIONAL PENSION SCHEMES

Aim

The aim of this unit is:

- to provide occupational pension scheme administrators with an overview of the main reports that to be made to the Pensions Regulator and Her Majesty's Revenue & Customs (HMRC) on a regular basis for particular events that happen in a scheme year

Learning Outcomes

On successful completion of this unit candidates will:

- **Understand** the scheme's responsibilities to report events that happen throughout the scheme year
- **Understand** what an Event Report is and **explain** the Event Report process
- **Identify** the items that need to be reported
- **Outline** who needs the Event Report and the timescales for completion
- **Outline** the various forms required by HMRC that need to be completed for reporting and auditing purposes
- **Identify** the other main reports that need to be submitted to HMRC.
- **Describe** what the HMRC Pension Scheme Return is used for
- **Understand** when to report Notifiable Events to the Pensions Regulator and the importance of this activity

Syllabus

1. The HMRC Event Report:
   - 1.1 Background to the Event Report
   - 1.2 Responsibility for completion and your own company processes
   - 1.3 Timescales for completion

2. The HMRC Accounting for Tax Return (AFT):
   - 2.1 Background to the AFT
   - 2.2 Responsibility for completion
   - 2.3 Timescales for completion

3. The HMRC Registered Pension Scheme Return:
   - 3.1 Background to the Registered Pension Scheme Return
   - 3.2 Responsibility for completion and your own company processes
   - 3.3 Timescales for completion

4. The HMRC End of Year Tax Returns (Self Assessment 970):
   - 4.1 Background to SA970
   - 4.2 Information to be completed and your own company processes
   - 4.3 The deadlines for submission to HMRC

5. Forms required for maintaining a scheme (from HMRC):
   - 5.1 The various forms required to maintain a scheme.
   - 5.2 Background to an "Information required by Notice"
   - 5.3 Timescales for completion

6. Registration for an Occupational Pension Scheme:
   - 6.1 The information required to register a scheme
   - 6.2 Responsibility and your own company processes
   - 6.3 Timescales for completion

7. The Pensions Regulator (TPR) and Notifiable Events:
   - 7.1 The Notifiable Events framework and events to be reported
   - 7.2 The notification framework and responsibilities for reporting events to TPR
   - 7.3 Penalties if TPR not notified in a timely manner
   - 7.4 Your own company processes

8. TPR's Pensions Scheme Return:
   - 8.1 Background to the TPR Pensions Scheme Return
   - 8.2 Responsibility for completion and your own company process
   - 8.3 Timescales for completion

9. TPR's Section 72a Report:
   - 9.1 Background to TPR Section 72a Report and its use
   - 9.2 Responsibility for completion and your own company processes
   - 9.3 Timescales for completion

UNIT 9 : REVALUATION AND PENSION INCREASES FOR DEFINED BENEFIT PENSION SCHEMES

Aim

The aim of this unit is:

- to provide occupational pension scheme administrators with an overview of the principles of how a member's accrued pension benefits from the date of leaving the pension scheme are revalued up to the member's retirement date.

In addition, the unit details the legislation and principles of how a pensioner's pension in payment increases during the course of payment and the issues to be aware of when calculating these increases.

Learning Outcomes

On successful completion of this unit candidates will:

- **Understand** the rules for revaluation of deferred benefits for a DB Scheme.
- **Identify** the main components of a deferred pension in a formerly contracted out DB scheme and **calculate** a deferred pension at date of leaving
- **Understand** how the revaluation exercise differs for each component and the statutory revaluation requirements for a deferred pension
- **Calculate** the pension at retirement for deferred members who left the scheme prior to the GMP payment age including the Guaranteed Minimum Pension (GMP) and excess benefits
- **Understand** the rules regarding increasing a 'scheme pension' in payment including identifying the main components of a scheme pension and the statutory minimum increases that apply
- **Calculate** a pension increase for a member whose pension is in payment

Syllabus

1. Regulations from 1975 to current date and options available for a member leaving the scheme before normal retirement date

2. Calculating a member's deferred pension at the date of leaving the scheme

3. Breaking a pension down into its different components for revaluation.
   - 3.1 Knowledge of the various legislative components of a member's pension benefits
   - 3.2 Understanding the various terms and their meanings in relation to revaluing a member's pension
   - 3.3 Contracting out revaluation
   - 3.4 Excess benefit revaluation

4. A basic understanding of anti-franking and how it impacts on pension calculations

5. How a member's pension increases in retirement:
   - 5.1 The different pension components in a member's pensions benefit
   - 5.2 Statutory pension increase rates given during retirement

6. The mechanics and background information of increasing a member's pension in retirement:
   - 6.1 Pension increases on benefits prior to GMP payment age
   - 6.2 Pension increases on benefits post GMP payment age

7. Maximum limits on pension increases (Benefit Crystallisation Event 3):
   - 7.1 A basic understanding of a Benefit Crystallisation Event 3

UNIT 10: PROTECTING A MEMBER'S PENSION BENEFITS FROM TAX CHARGES

Aim

The aim of this unit is;

- to provide occupational pension scheme administrators with an overview of the different types of protection that are available to pension schemes and their members from Her Majesty's Revenue & Customs (HMRC) tax charges.

Learning Outcomes

On successful completion of this unit candidates will:

- **Understand** why HMRC introduced protection for member's and schemes. Understand the impact of protection on members' benefits.
- **Explain** the impact of protection for occupational pension scheme administrators when calculating members benefits
- **Understand** the criteria needed for members who elect to take Primary, Enhanced or Fixed Protections and why HMRC certificates are needed for members that fall into this category
- Be able to **calculate** a member's own personal Standard Lifetime Allowance in conjunction with a protection certificate
- **Understand** what protection is available for Pension Commencement Lump Sums (PCLS) and identify the rules regarding "scheme protection" of a PCLS
- **Understand** how lump sum cash rights can be protected
- **Outline** the protection available for a member's benefits in the event of death whilst a member of the scheme
- **Identify** other areas where protection from tax charges have been allowed including divorce, overseas service and retirement prior to Normal Minimum Pension Age (NMPA)

Syllabus

1. Why the protection measures were introduced

2. Understand the tax exemptions available for members who use this protection

3. The features of Primary Protection:
   - 3.1 Eligibility criteria
   - 3.2 Rules and Regulations
   - 3.3 Her Majesty's Revenue and Custom (HMRC) Certificates and Lifetime Allowance factors
   - 3.4 Retaining and losing Primary Protection
   - 3.5 Primary Protection and the impact on pension debits for pension sharing on divorce cases
   - 3.6 Primary Protection and the impact on transfers to UK registered pension schemes

4. The features of Enhanced Protection:
   - 4.1 Eligibility criteria
   - 4.2 Rules and Regulations
   - 4.3 HMRC Certificates and Lifetime Allowance factors
   - 4.4 Cessation of Enhanced Protection
   - 4.5 Relevant benefit accrual test for DB and DC schemes, how it works and its use in calculations
   - 4.6 Enhanced Protection with dormant Primary Protection and why an individual might elect to have both Enhanced and Primary Protection

5. The features of Fixed Protections:
    5.1 Eligibility criteria
    5.2 Rules and Regulations
    5.3 HMRC Certificates
    5.4 Cessation of Fixed Protections
    5.5 Relevant benefit accrual test for DB and DC schemes, how it works and its use in calculations

6. The Rules and Regulations enabling members and pension schemes to protect:
    6.1 Pension Commencement Lump Sums
    6.2 Death Benefit Lump sums.
    6.3 Special Early Retirement ages
    6.4 Benefits arising from a period of overseas service
    6.5 Benefits arising from a divorce (pre and post 6 April 2006)

7. HMRC information and reporting requirements and timescales

8. Information requirements for members and third parties and timescales

UNIT 11: INTRODUCTION TO PENSION SCHEME DISCONTINUANCE

Aim

The aim of this unit is:

- to provide occupational pension scheme administrators with an overview of why occupational pension schemes can close to future accrual of benefits for members and become a scheme in discontinuance.

The unit also covers the main steps for an occupational pension scheme which starts to discontinue and the information requirements that need to be given to members within the correct timescales

Learning Outcomes

On successful completion of this unit candidates will:

- **Explain** what is meant by the term 'discontinuance' in relation to an occupational pension scheme and the role of the Independent Trustee
- **Understand** the background to the discontinuance of an occupational pension scheme and identify the reasons why a scheme may discontinue and the key dates.
- **Identify** the key people involved in the discontinuance of an occupational pension scheme and the information requirements that need to be sent to members who are in the scheme that is discontinuing
- **Identify** the main stages in the process of the discontinuance of an occupational pension scheme
- Be able to **outline** the meaning of a Section 75 debt
- Be able to **outline** the significance of a priority Order
- Be able to briefly **explain** the term 'Buy-out'
- **Describe** the role of other parties used in the process of discontinuing an occupational pension scheme, and the role of the Pension Protection Fund and the Financial Assistance Scheme.
- **Understand** the importance of the Fraud Compensation Fund and who compensation can be available from if a shortfall in the scheme assets is due to fraud or theft

Syllabus

1. The four statuses of a pension scheme:
   - 1.1 Definition of:
     - Open Scheme
     - Closed Scheme
     - Frozen Scheme
     - Discontinuing

2. Overview of a scheme discontinuance:
   - 2.1 What is a discontinuance?
   - 2.2 Why might a scheme discontinue?
   - 2.3 What is company insolvency?
   - 2.4 The discontinuance date and the trigger events
   - 2.5 Information requirements for members
   - 2.6 Timescales
   - 2.7 Key dates in a discontinuance

3. Overview of the important roles involved in Scheme Discontinuance:
   - 3.1 Independent Trustee
   - 3.2 Scheme Trustee
   - 3.3 Scheme Actuary
   - 3.4 Scheme Auditor
   - 3.5 Employer
   - 3.6 Lawyer
   - 3.7 Administrator (scheme and independent)

4. The Process of discontinuing a pension scheme:
   - 4.1 Scheme data gathering
   - 4.2 Payment of pensions in the discontinuance period
   - 4.3 Cleansing the data
   - 4.4 Tracing members
   - 4.5 Reconciling Guaranteed Minimum Pensions
   - 4.6 Valuing scheme liabilities

5. Understanding Valuation Legislation:
   - 5.1 Section 75 Employer Debts and the Pensions Act 1995 and how it impacts on discontinuance
   - 5.2 The thresholds and timescales for Section 75 Employer Debts and deficits in scheme funding
   - 5.3 The time periods and benefits relevant to employers who have become insolvent
   - 5.4 Compromise agreements and insolvent employers

6. Overview of Section 73 Priority Orders and allocation of assets:
   - 6.1 The Orders up to 5 April 1997
   - 6.2 The Orders from 6/4/97 to 9/5/2004
   - 6.3 The Orders from 10/5/2004 to 5/4/2005
   - 6.4 The Orders post 6/4/2005

7. Post Discontinuance benefits:
   - 7.1 Overview of the Financial Assistance Scheme
   - 7.2 Overview of the Pension Protection Fund
   - 7.3 Overview of the Fraud Compensation Fund
   - 7.4 Buy-out Quotations
   - 7.5 Options letters for members
   - 7.6 How benefits are bought out
   - 7.7 Timescales

UNIT 12: UNDERFUNDED SCHEMES IN DISCONTINUENCE

Aim

The aim of this unit is:

- to provide occupational pension scheme administrators with an overview of the Pensions Protection Fund (PPF) including the history of the PPF and how a scheme meets, the Qualifying conditions for becoming eligible for entry into the PPF.

The unit also includes the procedures involved for a scheme going through the PPF Assessment period and outlines the benefits a member may get from the PPF. The unit also provides a brief overview of the Financial Assistance Scheme

Learning Outcomes

On successful completion of this unit candidates will:

- **Understand** the background to the Pension Protection Fund (PPF) and be able to identify the Qualifying conditions for the PPF to assume responsibility of the scheme and the type of scheme that is eligible to enter the Pension Protection Fund
- **Understand** the process to be undertaken when a scheme enters the Assessment period and be able to:
  a) Identify the importance of the Section 120 Notice
  b) Identify the main levels of compensation payable by the PPF.
  c) Identify the cut off date for Insolvency Events to qualify for the PPF
- **Understand** the scheme administrator's role whilst preparing the scheme for entry into the PPF and the process to ensure the members' data is accurate
- **Understand** the role the Section 143 Valuation process plays whilst a scheme is in the PPF Assessment period.
- **Identify** when a scheme would be eligible to enter the Financial Assistance Scheme
- **Identify** the current levels of benefits payable in the Financial Assistance Scheme

Syllabus

1. The Background to the PPF:
   - 1.1 History of the PPF
   - 1.2 The Qualifying Conditions for the PPF to assume responsibility for schemes
   - 1.3 Which schemes could be eligible for entry into the PPF
   - 1.4 Explain the term a Qualifying Insolvency Event

2. What happens when a scheme enters the PPF Assessment period:
   - 2.1 What the Section 120 notice is
   - 2.2 What happens in the PPF Assessment period
   - 2.3 The roles of the trustees, Insolvency practitioners and independent trustees
   - 2.4 Notifying Members.
   - 2.5 Restrictions on the scheme whilst in the Assessment period
   - 2.6 Reviewing the advisers and scheme administrators currently in place, and reviewing investment strategy of the scheme
   - 2.7 Overview the role of the Specialist Administration Services Panel (SASP)

3. The scheme administrators role in the Assessment Period:
    - 3.1 Obtaining Scheme Data
    - 3.2 Checking and compiling Admissible Rules so the scheme basis is correct
    - 3.3 The PPF Compensation Levels for all scheme members including pensioners whose pensions are in payment
    - 3.4 Revaluing Deferred Members Benefits
    - 3.5 The Section 75 Debt on the Employer
    - 3.6 Data Cleansing
    - 3.7 Tracing members and the various tracing routes available
    - 3.8 GMP Reconciliations
    - 3.9 Dealing with Interim Claims and the Section 138 “lower of” test
    - 3.10 Discharging of non-PPF Benefits

4. The Final stages of the Assessment Period and the PPF’s decision on the scheme:
    - 4.1 The Section 143 Valuation and its role in the Assessment Period
    - 4.2 The PPF Assesses the Scheme to see if suitable for the PPF
    - 4.3 The transfer to the PPF and the winding up of the scheme
    - 4.4 The end of the Assessment period

5. Overview of the Financial Assistance Scheme:
    - 5.1 Brief history of the FAS
    - 5.2 What are the qualifying conditions for a scheme to be eligible
    - 5.3 What are the current levels of benefits available

UNIT 13: UNAUTHORISED PAYMENTS FOR REGISTERED PENSION SCHEMES

Aim

The aim of this unit is:

- to provide occupational pension scheme administrators with an overview of the legislation surrounding authorised and unauthorised payments, the situations where unauthorised payments can occur and the tax charges that could apply to members and the trustees of a pension scheme.

The unit also outlines the reporting requirements of unauthorised payments to Her Majesty's Revenue & Customs (HMRC)

Learning Outcomes

On successful completion of this unit candidates will:

- **Understand** what constitutes an unauthorised payment, how unauthorised payments can occur and identify the categories of unauthorised payments for members and employers
- **Understand** the taxation of unauthorised payments identifying the different tax charges and the circumstances when they might occur
- **Understand** the difference between the member's unauthorised payments charge, the member's unauthorised payments surcharge and when the scheme sanction charge would apply
- Be able to **calculate** taxation of unauthorised payments to include:
  a. Taxation on unauthorised payments
  b. Unauthorised member's payments charge
  c. Unauthorised member payments surcharge
  d. The scheme sanction charge which can be levied by HMRC
- **Understand** the regulatory requirements for communicating with members about unauthorised payments and how to ensure these are complied with in the prescribed manner

Syllabus

1. The Definition of an unauthorised payment:
   - 1.1 Legislation introducing and affecting unauthorised payments
   - 1.2 Types of authorised and unauthorised payments (member and employer)
   - 1.3 Areas where an unauthorised payment might occur

2. The Unauthorised Member Payment Taxation Charge:
   - 2.1 The rules surrounding a member payment taxation charge.
   - 2.2 How to calculate an unauthorised member payment charge

3. The Unauthorised Member Payment Taxation Surcharge:
   - 3.1 The rules surrounding a member payment taxation surcharge
   - 3.2 The surcharge threshold and testing to see if it has been exceeded
   - 3.3 The surcharge period and reference date
   - 3.4 Calculating the unauthorised member payment surcharge

4. The Scheme Sanction Taxation Charge:
   - 4.1 The rules surrounding a scheme sanction taxation charge
   - 4.2 How to calculate the scheme sanction charge
   - 4.3 How the scheme sanction charge can be reduced
   - 4.4 Which benefits the scheme sanction charge applies to
   - 4.5 How HMRC can give relief to schemes from paying the scheme sanction charge

5. Reporting Unauthorised Payments:
   - 5.1 To HMRC
   - 5.2 To the member and any other relevant parties

UNIT 14: OVERVIEW OF AUTOMATIC ENROLMENT

Aim

The aim of this unit is:

- to provide occupational pension scheme administrators with an understanding of how and why the Government decided that a national form of savings was needed for those with low to medium earnings to encourage them to save for their retirement.

The unit covers how Automatic Enrolment is implemented and who is involved in the running of it. In addition, the Unit covers the Automatic Enrolment duties of employers and the processes which need to be in place before an employer has to start deducting contributions from jobholders

Learning Outcomes

On successful completion of this unit candidates will:

- **Understand** the Background to Automatic Enrolment
- **Understand** the basic requirements to be a Qualifying Workplace Scheme and the impact of the prescribed Quality Tests for the occupational pension scheme structures:
  (a) Defined Contributions
  (b) Defined Benefits
  (c) Career Average Revalued Earnings (CARE) schemes
- **Understand** the major criteria regarding Automatic Enrolment and Re-enrolment for employers
- **Understand** the prescribed process for an employer when an eligible jobholder wishes to opt out of Automatic Enrolment
- **Outline** the main organisations who are involved in Automatic Enrolment
- **Describe** the role of The Pensions Regulator with regard to monitoring the Automatic Enrolment process and the penalties that can be had for failing to follow the required process

Syllabus

1. Background and History of Automatic Enrolment;
   - 1.1 Know the background to Automatic Enrolment and why it was introduced
   - 1.2 Vehicles that can be used to achieve Automatic Enrolment

2. Overview of Auto Enrolment
   - 2.1 Criteria for Automatic Enrolment
   - 2.2 Employer Staging Dates.
   - 2.3 The implementation process for Automatic Enrolment for:
     - DC Schemes
     - DB Schemes including CARE schemes
     - Hybrid Schemes
     - Cash Balance Schemes
   - 2.4 The process for Automatic Enrolment for employers and employees:
     - Active membership
     - Members Opting Out of the Automatic Enrolment process
     - Qualifying and non qualifying Jobholders and Opting In to the Automatic Enrolment process
     - Existing members of qualifying schemes
     - Employer’s postponement of Automatic Enrolment
     - Re-Enrolment

3. Overview of Qualifying Workplace scheme requirements:
    3.1 The meaning of and the criteria required for an occupational pension scheme to become a Qualifying Workplace Scheme:
    - DC schemes
    - DB Schemes including CARE schemes
    - Hybrid Schemes
    - Cash Balance Schemes
    - The different requirements for a Salary Sacrifice scheme.

    3.2 The Reference Scheme Test and the Test Scheme Standard (pre April 2016) and the Cost of Accruals Test (post April 2016)
    3.3 Contributions and contribution phasing within the transitional periods
    3.4 Investments and default investment option availability for members

4. The organisations and their involvement in Automatic Enrolment:
    4.1 Department for Work and Pensions
    4.2 The Pensions Regulator

UNIT 15: SHORT SERVICE REFUND LUMP SUMS FOR OCCUPATIONAL PENSION SCHEMES

Aim

The aim of this unit is:

- to provide occupational pension scheme administrators with an understanding of the meaning of a Short Service Refund Lump Sum (SSRLS) for occupational pension schemes and the options available for members within Her Majesty's Revenue & Customs (HMRC) conditions for payment

Learning Outcomes

On successful completion of this unit candidates will:

- **Understand** what a SSRLS is and the circumstances under which it can be paid, including salary sacrifice schemes and the timescales for payment.
- **Understand** the other options that may be available for a member leaving the scheme before retirement
- **Understand** the tax rules for SSRLS and how this impacts on the payment including the tax thresholds
- **Understand** how contracted-out benefits affect the SSRLS payment. This should include Contributions Equivalent Premiums and Certified Amounts
- **Understand** how Scheme Administration Member Payments (SAMPs) affect the SSRLS amount when refunding contributions to the member
- Know how to **calculate** a SSRLS Incorporating Contracted Out Benefits and a SAMP

Syllabus

1. Regulations surrounding Early Leavers from a pension scheme:
    - 1.1 Legislation concerning Vested rights
    - 1.2 Rights and options for early leavers

2. Regulations surrounding Short Service Refund Lump Sums:
    - 2.1 Entitlement to a refund
    - 2.2 How Salary Sacrifice affects refunds
    - 2.3 Timescales and Disclosure requirements
    - 2.4 Taxation of refund payments
    - 2.5 Scheme Administration Member Payments (SAMP)
    - 2.6 Differences between DC and DB refunds

3. Contracted out rights:
    - 3.1 How contracting out impacts on a member's refund payment
    - 3.2 Contributions Equivalent Premium
    - 3.3 Certified Amount
    - 3.4 Offsetting the Certified Amount with SAMPS

UNIT 16: INTODUCTION TO OCCUPATIONAL PENSION SCHEME DEATH BENEFITS

Aim

The aim of this unit is:

- to provide occupational pension scheme administrators with an overview of the different types of lump sum death benefits and dependant's/civil partner's pensions available and Her Majesty's Revenue & Customs conditions for their payment to member's dependants or their legal personal representative

Learning Outcomes

On successful completion of this unit candidates will:

- **Understand** the death benefit options available following the death of a member/pensioner in an occupational pension scheme
- **Describe** the occupational pension scheme rules and options available following the death of a member in each of the following:
  (a) Death in service
  (b) Death in deferment
  (c) Death in retirement
- **Explain** the definition of a Dependant and the restrictions on a dependant's pension.
- **Understand** the impact on a death benefit payment for a member who has died whilst still a member of the pension scheme and who has contracted-out rights within his/her accrued pension benefits.
- **Outline** Her Majesty's Revenue and Custom (HMRC) timescales for payment of death benefits to a member or pensioner

Syllabus

1. Why administrators should always check the rules of the pension scheme:
   - 1.1 HMRC rules and how they should be applied to occupational pension schemes
   - 1.2 Scheme rules can have different rules to the HMRC rules and are not always the same
   - 1.3 Terminology used in scheme rules may differ from terminology used in the HMRC Pensions Tax Manual

2. Lump sum death benefit payment timescales:
   - 2.1 Notification from various parties
   - 2.2 2 year timescales and penalties

3. The importance of Expression of Wish/Nomination forms:
   - 3.1 Trustee Discretion
   - 3.2 Inheritance Tax relief

4. The names of the different HMRC Lump Sum Death Benefits available

5. The features of the main Lump Sum Death Benefits to include:
   - 5.1 The different types of lump sums including Defined Benefit Lump Sum (DBLS), Uncrystallised Funds Pension Lump Sum (UFPLS) and Flexi Access Drawdown (FAD)
   - 5.2 The type of scheme the payment can be made from
   - 5.3 Any amount or age restraints on the amount to be paid out to beneficiaries
   - 5.4 Common methods of calculating the lumps sums payable (multiple of salary, fund value etc.)

6. Dependant's pensions:
   - 6.1 HMRC definition of dependant
   - 6.2 Restrictions on paying a dependant's pension
   - 6.3 Financial dependence and Mutual dependence
   - 6.4 Scheme specific definitions
   - 6.5 Children's pensions
   - 6.6 Dependants' pension rules (scheme rules, maximum amounts, restrictions, types of pensions available)
   - 6.7 Rules surrounding spouses who are significantly younger than member
   - 6.8 Nominees and Successors

7. Contracted-out rights and how they impact on dependant's pensions:
   - 7.1 Rules regarding the payment of widow's/widower's GMP on death

8. Death in deferment:
   - 8.1 Dependants pension
   - 8.2 Lump sum benefits available

9. Administration issues and timescales:
   - 9.1 Lifetime Allowance information
   - 9.2 Information to be sent to the legal personal representative
   - 9.3 The role of the legal personal representative
   - 9.4 The Information required by the administrator to complete a death case

UNIT 17: THE ANNUAL ALLOWANCE

Aim

The aim of this unit is:

- to provide an overview of the annual allowance including the background to the Annual Allowance, key features of the legislation and how to calculate a member's entitlement.

It will explain what Pension Input Periods (PIP) are and how to calculate them, what Pension Input Amounts (PIA) are and how to calculate them, and identify the key features of carry forward provisions, exemptions from the Annual Allowance test, disclosure requirements and the rules regarding the scheme paying the Annual Allowance charge

Learning Outcomes

On successful completion of this unit candidates will:

- **Understand** why the Annual Allowance was introduced and why it has been reduced significantly
- **Understand** the impact on the Annual Allowance if the Money Purchase Annual Allowance (MPAA) is triggered
- Be able to **calculate** a Pension Input Amount (PIA) for:
  a. a DB scheme member and,
  b. a DC scheme member
- **Identify** the key features of the carry forward provisions and **demonstrat**e how a member is able to make use of them
- **Identify** circumstances when an Annual Allowance test is not applicable
- **Describe** the key timescales in disclosing information to a member and what has to be disclosed
- **Describe** the key features of the "scheme pays" provisions for the annual allowance charge

Syllabus

1. The background to the Annual Allowance including why it was introduced and the recent history including the reasons behind the reduction in the figure

2. What is a Pension Input Period (PIP) and how to identify it for a member of an Occupational Pension scheme

3. What is the Pensions Input Amount (PIA) and how to calculate it for an occupational pension scheme member (covering both DB and DC Schemes):
   3.1 including additions and subtractions from the closing value

4. How the carry forward provisions affect a member's Annual Allowance figure

5. The Impact of Money Purchase Annual Allowance Rules

6. What are the exemptions to the Annual Allowance test

7. What are the disclosure requirements surrounding the Annual Allowance

8. How much is the Annual Allowance charge and how it can be paid, including the "scheme pays" option and the rules surrounding this

UNIT 18: INTRODUCTION TO INVESTMENT REGULATED PENSION SCHEMES

Aim

The aim of this unit is:

- to provide Investment Regulated Pension Scheme (IRPS) administrators with an introduction to schemes commonly known as Small Self-Administered Schemes (SSAS) and Self Invested Personal Pensions (SIPPs).
- An overview of current practices and how these Schemes have evolved.

The unit also covers the current legislation status and the differences between the two types of Scheme

Learning Outcomes

On successful completion of this unit candidates will:

- **Understand** the roles and duties of the key stakeholders in an Investment Regulated Pension Scheme (IRPS)
- **Understand** the different roles and responsibilities in the Regulatory Regime
- Be able to **identify** the different types of Governing Documentation connected with IRPS and **explain** their purpose
- **Identify** the main features of Small Self-Administered Schemes (SSAS)
- **Identify** the main features of Self Invested Pension Schemes (SIPPs)
- **Describe** the property and lending rules and how they differ between a SIPP and a SSAS
- **Explain** the differences between SSAS and SIPP Schemes
- **Outline** the advantages and disadvantages of transferring to a SIPP
- **Identify** the benefits available with SSAS and SIPP Schemes and **explain** how they are paid
- **Understand** what Connected Party Transactions are and how they should be treated
- **Understand** HMRC reporting requirements for SSAS and SIPP Schemes

Syllabus

1. Key Stakeholders:
   - 1.1 The Role and Duties of the different trustees
   - 1.2 The Role and Duties of the Scheme Administrator
   - 1.3 The Role and Duties of the SIPP Operator
   - 1.4 The Role and Duties of the SSAS Sponsoring Employer
   - 1.5 The Beneficiaries
   - 1.6 The “Three Hats”

2. Regulatory Regime:
   - 2.1 The Role of the Pensions Regulator
   - 2.2 The Role of HM Revenue & Customs
   - 2.3 The Role of the Financial Conduct Authority
   - 2.4 Disclosure and making complaints

3. Governing Documentation:
   - 3.1 The Definitive Trust Deed and Rules and constituent parts
   - 3.2 The Announcement Notice
   - 3.3 The Member Agreement (including Terms and Conditions of the scheme)

4. Introduction to Small Self-Administered Schemes (SSAS):
    4.1 Brief history and main simplification changes.
    4.2 Establishment
    4.3 Key features
    4.4 Pensions Act 1995 Exemptions and additional requirements when all members are not trustees
    4.5 The principle of the common pooled fund
    4.6 Wind Up

5. Introduction to Self Invested Personal Pensions (SIPPs):
    5.1 Brief history and main simplification changes
    5.2 Establishment
    5.3 Key features and governance
    5.4 Structure and comparison with normal personal Pension Plans
    5.5 Eligibility
    5.6 FCA regulatory requirements

6. Comparison between SSAS and SIPPs:
    6.1 Occupational/personal
    6.2 Membership
    6.3 Trusteeship
    6.4 Investment flexibility and choice

7. Investment Options:
    7.1 The Trustee Bank Account/Pooled Bank Accounts
    7.2 Investment choices particularly loans/property
    7.3 Taxable Property
    7.4 Scheme Borrowing

8. Accumulating Funds;
    8.1 Contributions and tax relief methods
    8.2 Transfers

9. Connected Party Transactions;
    9.1 What constitutes a connected party?
    9.2 The reason why the trustees must be careful in such circumstances
    9.3 The consequences of getting it wrong

10. Benefits:
    10.1 Retirement
    10.2 Death considerations
    10.3 Annuities
    10.4 FAD – Flexi Access Drawdown
    10.5 UFPLS – Uncrystallised Funds Pension Lump Sum
    10.6 Protection
    10.7 Liquidity considerations these are very different to any other DC scheme
    10.8 Unauthorised payments

11. Reporting:
    11.1 Registering a SSAS
    11.2 Annual reporting
    11.3 Event reporting

