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

PMI Level 3 Award in Pension Trusteeship (Defined Contribution and Defined Benefit Schemes)

Test Specification

The PMI Level 3 Award in Pension Trusteeship is assessed at an approved centre using the following question type:

Question Type	Question Type description	Marks per Question
A	self-contained single answer multiple choice questions where candidates are requested to select the correct option from a choice of four.	1 mark

Sample illustrative questions are provided at the end of this Test Specification.

The PMI Level 3 Award in Pension Trusteeship will be assessed through an examination of total duration ninety minutes, containing:

60 Type A questions

60 marks in total.

100% of overall mark.

The nominal pass mark will be 80%.

Candidates should attempt all questions, even if unsure of the correct answer, as negative marking is not used.

The questions will be broadly split between the three syllabus areas as follows:

- Law and pensions overview — 20 Type A questions
- Investment and funding issues for defined contribution and defined benefit pensions — 20 Type A questions
- Scheme management issues for defined contribution and defined benefit pensions — 20 Type A questions

Sample Questions by Syllabus Area

Type A - self-contained single answer multiple choice questions [select correct option from choice of 4].

Law and pensions overview

1. If the lifetime allowance is exceeded, normally the consequences are that

   a. action may be taken by the Pensions Regulator against the trustees
   b. the excess, after appropriate taxation, may provide additional pension or lump sum
   c. the excess, after appropriate taxation, must be taken as additional pension
   d. the excess must be used to provide benefits for dependants.

2. A simplified version of the trustee's annual report

   a. is not a requirement of the Disclosure Regulations
   b. must form part of the sponsoring employer's accounts
   c. must be circulated to all current members
   d. must be submitted to the Pensions Regulator.

3. The Pensions Regulator is able to compel schemes to take specified action to remedy identified breaches of legislative requirements via

   a. 'improvement notices'
   b. 'requirement notices'
   c. 'variation notices'
   d. 'action declarations'.

Investment and funding issues for defined contribution and defined benefit pensions

4. Passive investment management is where

   a. trustees give complete direction to the investment manager
   b. trustees invest directly in markets
   c. individual markets are tracked (i.e. index-tracking)
   d. buying and selling rarely happens.

5. For a pension scheme closed to new members, consisting solely of pensioners with 5% p.a. guaranteed increases attaching to their pensions, the most appropriate type of investment would be

   a. equities
   b. fixed interest securities
   c. index-linked gilts
   d. property.

6. Who is ultimately responsible for the scheme's investment performance?

   a. The investment managers.
   b. The investment consultant.
   c. The sponsoring employer.
   d. The trustees.

Scheme management issues for defined contribution and defined benefit pensions

7. The Statement of Funding Principles must always be

   a. reviewed within 18 months of the effective date of the last valuation
   b. reviewed within 15 months of the effective date of the last valuation
   c. revised every year
   d. revised when the Statement of Investment Principles is reviewed.

8. To comply with a pension sharing order regarding a company employee, trustees must ensure that their scheme

   a. earmarks part of the member's benefit to become payable to the ex-spouse or civil partner on retirement
   b. notifies the court of the costs payable
   c. transfers the stipulated proportion of the member's transfer value to the ex-spouse or civil partner within the required time period
   d. allows the ex-spouse or civil partner to become a contributory member of the scheme.

9. By law the Statement of Investment Principles

   a. must be reviewed annually
   b. must be reviewed at least every 3 years
   c. must be reviewed at least every 5 years
   d. can only be revised following a change in investment policy.