



PMI Award in Pensions Essentials - Specification

PMI Award in Pensions Essentials

QUALIFICATION AIM

To introduce UK pension arrangements for pension scheme administrators.

PREREQUISITES

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

However, we would anticipate most learners would be working in the field.

QUALIFICATION STRUCTURE AND ASSESSMENT

This qualification comprises five compulsory units.

Unit 1: Introduction to UK Pensions

Unit 2: Disclosure Regulations & Whistleblowing for Occupational Pension Schemes

Unit 3: Occupational Pension Scheme Design, Investment and Administration

Unit 4: Member Benefit Events and Rules for Defined Benefit (DB) Pension Schemes

Unit 5: Member Benefit Events and Rules for Defined Contribution (DC) Pension Schemes

All units must be achieved to complete the qualification.

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 learners 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

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:

- Guided Learning Hours (GLH). This means time spent being taught by an instructor (and not necessarily face to face);
- Assessment Time, and
- Study Time. This means self-study/revision/reading

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

Guided learning hours (GLH)	40 Hours (to include revision courses)	
Self-study (SS)	50 Hours	
Formative Assessment	5	Total Assessment Time (TAT) 10 Hours
Summative Assessment	5	
Total Qualification Time	100 Hours (GLH+SS+TAT)	

The evidence we have gathered is based upon information we have gathered from users of our qualifications, experience and benchmarking exercises. It 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 one year of registration.

REGULATION

This qualification is not regulated by Ofqual.

QUALIFICATION LEVEL

This qualification has been benchmarked at Level 2 in the national framework.

FEES

Fees for this qualification can be found on this page: [Award in Pensions Essentials - The Pensions Management Institute \(pensions-pmi.org.uk\)](https://www.pensions-pmi.org.uk/award-in-pensions-essentials)

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 Essentials,
- Certificate in Pensions Calculations,
- Certificate in Pension Scheme Member Guidance
- Certificate in Pensions Administration or
- Diploma in Administration.

The exact choice will depend on individual circumstances and career path.

MEMBERSHIP ENTITLEMENT

Learners undertaking the qualification will be automatically enrolled as **Student Members** on registration for the duration of their study.

CONSTITUENT UNITS

UNIT 1: INTRODUCTION TO UK PENSIONS

Aim: To provide occupational pension scheme administrators with an introduction to pension provision in the UK, the evolution of State and private pension provisions, and the roles and responsibilities of parties involved.

Learning Outcomes: On successful completion, learners will:

- Understand the importance of pension schemes to an individual.
- Explain the key features, advantages, and disadvantages of Defined Contribution (DC) pension schemes.
- Explain the key features, advantages, and disadvantages of Defined Benefit (DB) pension schemes.
- Distinguish the main sources of pension savings, including State pensions.
- Outline State pension provisions and contracted-out benefits.
- Identify different benefit choices on retirement decumulation.
- Distinguish the main roles and responsibilities of those involved in running a pension scheme.
- Explain the role of HM Revenue & Customs (HMRC) in relation to pensions.
- Outline the current pension tax allowances (Lump Sum Allowances, Lump Sum and Death Benefit Allowance, Overseas Transfer Allowance) and their tax implications.
- Be aware of the basic operation of the LTA regime between 2006-2023.
- Calculate a straightforward member's basic retirement benefit.

Syllabus:

1. The Importance of Pensions
 - 1.1. *Alternatives for saving for retirement and their advantages/disadvantages.*
 - 1.2. *Key advantages of pensions: tax benefits on contributions, tax-free growth, tax-free cash at retirement, funds locked until retirement.*
2. State Pension
 - 2.1. *Basic State Pension: history and features.*
 - 2.2. *New State Pension: history and features.*
 - 2.3. *State pension retirement ages and their evolution.*
 - 2.4. *Forthcoming legislative changes.*
 - 2.5. *Contracted-out benefits (historical overview and relevance today).*
3. DC Schemes o Main features of DC schemes.
 - 3.1. *Overview of Small Self-Administered Schemes (SSAS).*
 - 3.2. *Investment risk in DC schemes.*
 - 3.3. *Pension freedom and choice.*
4. DB Schemes
 - 4.1. *Main features of DB schemes.*
 - 4.2. *Overview of final-salary and career-average schemes.*
 - 4.3. *Investment and longevity risk in DB schemes.*
5. Contributions and Funding
 - 5.1. *Overview of retirement/decumulation options.*
 - 5.2. *Annuities, scheme pensions, Pension Commencement Lump Sum (PCLS), Uncrystallised*

Funds Pension Lump Sum (UFPLS).

5.3. Trivial commutation and small lump sums.

5.4. Typical information shown on retirement documentation and benefit statements.

6. Contribution and Benefit Limits/Allowances

6.1. Overview and history of contribution/benefit limits.

6.2. Annual Allowance: purpose, current limit and tax implications if exceeded.

6.3. Money Purchase Annual Allowance (MPAA): purpose, triggers and current limit.

6.4. Lifetime Allowance (LTA): history and legacy issues.

7. Current Pension Tax Allowances

7.1. Lump Sum Allowance (LSA).

7.2. Lump Sum and Death Benefit Allowance (LSDBA).

7.3. Overseas Transfer Allowance (OTA).

7.4. HMRC's role in pensions (registration, tax relief, benefit limits, reporting).

8. Roles and Responsibilities

8.1. Main parties: trustees, employer, scheme administrator, investment manager, actuary, legal adviser.

8.2. Key responsibilities of each.

9. Basic Retirement Benefit Calculations

9.1. Simple calculation of a member's basic retirement benefit (e.g. using given pensionable service and accrual rate).

UNIT 2: DISCLOSURE REGULATIONS AND WHISTLEBLOWING FOR OCCUPATIONAL PENSION SCHEMES

Aim: To provide an overview of Disclosure Regulations and the Pensions Regulator's Code of Practice on reporting breaches of the law, and their impact on occupational pension schemes.

Learning Outcomes: On successful completion, learners will:

- Outline the background to Disclosure Regulations.
- Understand the provisions and information requirements of Disclosure Regulations, including timescales for basic scheme information and annual reports.
- Outline information requirements for members regarding retirement/decumulation, leaving service, and transfer values.
- Understand the objectives of whistleblowing regulations and their evolution.
- Explain the Pensions Regulator's role in whistleblowing.
- Outline the whistleblowing process, including reporting breaches, the traffic light system, common breach categories, and company-specific processes.
- Explain the timescales and reporting requirements for late payment of contributions.

Syllabus:

1. Disclosure Regulations

1.1. Background and provisions.

1.2. Timescales for providing basic scheme information and annual reports. o Information requirements for retirement/decumulation, leaving service, and transfer values.

2. Scheme Documents

2.1. Trust Deed and Rules, Statement of Investment Principles, Summary/Funding Statements

(DB schemes), Schedule of Contributions/Payment Schedules.

3. Requirements for DB and DC Schemes o Annual benefit statements/statutory money purchase illustrations.
 - 3.1. *Retirement/decumulation benefit information.*
4. Whistleblowing
 - 4.1. *Objectives and evolution of whistleblowing regulations.*
 - 4.2. *Role of the Pensions Regulator.*
 - 4.3. *Whistleblowing process: reporting breaches, traffic light system, common breach categories, company processes.*
5. Late Payment of Contributions
 - 5.1. *Timescales for reporting.*
 - 5.2. *Reporting to members and the Pensions Regulator.*
 - 5.3. *Payment deadlines for member contributions.*

Unit 3: OCCUPATIONAL PENSION SCHEME DESIGN, INVESTMENT, AND ADMINISTRATION

Aim: To introduce occupational pension scheme administrators to:

- DB and DC scheme design.
- Considerations for employers setting up pension schemes.
- Economic and demographic assumptions for DB scheme calculations.
- Monthly investment cycles for DC scheme contributions.
- Attitudes to investing and investment fund choices for members and trustees.

Learning Outcomes: On successful completion, learners will:

- Understand how pension schemes integrate with the State pension.
- Explain contracting-out, including Guaranteed Minimum Pension and Reference Scheme Test.
- Outline the structure and constitution of pension schemes (trust-based, contract-based, statutory, Master Trusts).
- Explain DB scheme funding, including the role of the scheme actuary and funding assumptions.
- Describe contributions in DB and DC schemes, including salary sacrifice.
- Explain attitudes to investment risk and their impact on pension schemes.
- Outline different asset classes (equities, index-linked securities, property, cash, hedge funds, futures, options).
- Explain why schemes use investment funds and available fund choices (active/passive management, lifestyle funds, self-select funds, default funds, fund switching).
- Understand record-keeping and data protection requirements, including the Pensions Regulator's guidance and Data Protection Act principles.

Syllabus:

1. Integration with State Pension o Contracting-out overview: Guaranteed Minimum Pension, Reference Scheme Test, future changes.
 2. Pension Scheme Structure
 - 2.1. *Trust-based, contract-based, statutory schemes, Master Trusts.*
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3. DB Scheme Funding o Role of the scheme actuary.
 - 3.1. *Minimum funding requirements and methods.*
 - 3.2. *Actuarial assumptions (economic and demographic).*
 - 3.3. *Calculating transfer values.*
4. Contributions
 - 4.1. *Who pays contributions in DB and DC schemes.*
 - 4.2. *Salary sacrifice.*
5. Investing in Pension Schemes o Attitudes to risk and their impact.
 - 5.1. *Asset classes: equities, index-linked securities, property, cash, others.*
6. Investment Funds
 - 6.1. *Purpose of investment funds.*
 - 6.2. *Fund choices: active/passive management, lifestyle funds, self-select funds, default funds, fund switching.*
7. Record Keeping and Data Protection
 - 7.1. *Pensions Regulator's guidance.*
 - 7.2. *Data validation and checking.*
 - 7.3. *Data Protection Act principles and breaches.*

Unit 4: MEMBER BENEFIT EVENTS AND RULES FOR DEFINED BENEFIT (DB) SCHEMES

Aim: To provide an overview of how DB schemes handle member events (leaving service, opting out, retirement, death, or transferring benefits) and the HMRC rules governing these events.

Learning Outcomes: On successful completion, learners will:

- Explain options for members joining a DB scheme, including Additional Voluntary Contributions (AVCs).
- Explain HMRC conditions for members leaving before retirement.
- Identify when a member may have a right to a refund of contributions.
- Explain statutory rights to transfer benefits.
- Explain HMRC rules governing member events.
- Calculate benefits when a scheme pays a Pension Commencement Lump Sum (PCLS) alongside a pension.
- Outline statutory pension increases for DB pensions.
- Explain rules for trivial commutation and small lump sums.
- Outline legacy contracted-out rights for DB schemes.
- Describe options for members leaving before retirement (refund of contributions, deferred benefits, transfers).
- Explain death benefits and the use of expression of wish nomination forms.
- Outline how divorce affects benefits, including pension attachment (earmarking) and pension sharing orders, with differences between English and Scottish law.

Syllabus:

1. Member Options in DB Schemes o Additional Voluntary Contributions (AVCs) and integration with DC benefits.
2. Leaving Before Retirement
 - 2.1. *HMRC conditions for refunds of contributions.*
 - 2.2. *Deferred benefits.*
 - 2.3. *Statutory rights to transfer benefits.*
3. Retirement Benefits
 - 3.1. *Calculating PCLS and pension benefits (e.g. Civil Service scheme). o Statutory pension increases.*
 - 3.2. *Trivial commutation and small lump sums.*
4. Legacy Contracted-Out Rights
 - 4.1. *Overview of rules and rights.*
5. Death Benefits
 - 5.1. *Overview of rules and rights.*
 - 5.2. *Expression of wish nomination forms.*
6. Divorce
 - 6.1. *Pension attachment (earmarking) and pension sharing orders.*
 - 6.2. *Differences between English and Scottish law.*

Unit 5: MEMBER BENEFIT EVENTS AND RULES FOR DEFINED CONTRIBUTION (DC) SCHEMES

Aim: To provide an overview of how DC schemes handle member events (leaving service, opting out, retirement, death, or transferring benefits), the investment cycle of contributions, and HMRC rules governing these events.

Learning Outcomes: On successful completion, learners will:

- Explain options for members leaving before the minimum pension age, including taxation of contribution refunds.
- Explain statutory rights to transfer funds to another pension arrangement.
- Explain annuity options at retirement/decumulation, including enhanced annuities.
- Distinguish alternatives available at normal minimum pension age.
- Outline annuity types available in the marketplace, including scheme wind-up scenarios.
- Explain factors affecting annuity rates.
- Describe maximum Pension Commencement Lump Sum (PCLS) and residual pension choices.

Syllabus:

1. Leaving Before Minimum Pension Age
 - 1.1. *Taxation of contribution refunds.*
 - 1.2. *Statutory rights to transfer funds.*
 2. Retirement/Decumulation
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- 2.1. Annuity options: types, enhanced annuities.*
 - 2.2. Alternatives at normal minimum pension age.*
- 3. Annuities in the Marketplace
 - 3.1. Overview of annuity rates and options, including scheme wind-up scenarios.*
 - 3.2. Factors affecting annuities.*
- 4. Pension Commencement Lump Sum (PCLS)
 - 4.1. Maximum PCLS and residual pension choices.*