Examiners' Report CU3- Running a workplace Pension Scheme -April 2025

Question 1.

What are the key benefits for DC schemes that use Straight Through Processing (STP)? (5 marks)

While some candidates scored full marks on this question, there were a few who struggled. This was all covered in the manual, and students who deal with DC in their working life should have scored easily here.

Question 2.

Write brief notes on the purpose and content of the Task Force for Climate risk Financial Disclosures framework (5 marks)

With a couple of exceptions this question was really poorly answered. It is understandable that students may not deal with this in work, but it is relatively topical and is covered towards the end of the manual. It was evident that most students had not read this section of the manual.

Question 3.

Please detail the key requirements for preparing an own risk assessment (ORA), including what it needs to cover. (10 marks)

Most students scored well on this question and demonstrated a good understanding of what is a topical subject. Two scored full marks and only two scored less than 5. There were a couple of points around the review of the ORA and for it to be in writing which were not picked up by most students.

Question 4.

Please contrast the key features of delivering services via in house and outsourced models, with particular emphasis on the advantages of each. (10 marks)

This question was poorly answered by majority of students, with only one picking up most of the marks. The subject was clearly covered I the manual, a lot of the students did not pick up on the points around the contracts that are put in place with suppliers, and the agreements between employer and trustee. For those who either work in house or with an EBC this should have been a straightforward question to answer.

Question 5.

Identify the main cyber risks to pension schemes and briefly outline the main features of the Pensions Regulator's guidance for trustees on cyber security. (10 marks)

Most students also scored well on this question and demonstrated a good understanding of what is a topical subject. This was one of the best answered questions, only one candidate failed to pick up at least half the marks available. Where students didn't pick up the majority of marks they demonstrated more knowledge on the types of cyber risk as opposed to the Regulator guidance.

Question 6.

Please outline how schemes can use the Web to interact with members, and to allow them to update and model their future benefits. (20 marks)

This question was only answered really well by one student. There were well over twenty marks available and given it should have been a question that produced higher marks. With this one exception no student scored more than 12.5 marks which is disappointing. Some students did not pick up at all on the marks available for modelling, and others did not demonstrate much knowledge of the type of things schemes interact with members about on the web. This was disappointing given that most students will be members of schemes and have web access to their own benefits.

Question 7.

Outline:

(i) the development and application of the tapered Annual Allowance, (15 marks)

(ii) the options that are available for scheme members to use Scheme Pays to meet any tax charges arising as a result of pension savings exceeding the Annual Allowance (5 marks)

There was a real range of responses to this question, and those who clearly knew the subject matter and had studied the manual scored very well. Four students scored 16 or more marks, but another four scored fewer than 10 marks, the lowest only got 3. This would suggest that they did not deal with this matter in their day to day role and had not studied the manual well enough as there were lots of easy marks to be picked up, particularly around the parameters for both the Annual Allowance and Tapered Annual Allowance.

Question 8.

Explain why Trustees are required to operate their own bank account, and in practice how do Trustees operate those bank accounts effectively and efficiently? (20 marks)

While only two candidates scored fewer than 10 marks, no one picked up the majority of marks available. Five candidates scored between 10-14 marks, again this was disappointing as there were lots of relatively easy marks available. Again this was all covered in the manual, so those who had no experience of dealing with this in their daily role should have been able to pick up lots of easy marks by studying the manual. Some students failed to pick up the marks available for explaining why a separate bank account is needed which was disappointing to note.