



The Annual Allowance

The Main 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.

The learner will need to know and understand:

The background to the Annual Allowance including why it was introduced and the recent history including the reasons behind the reduction in the figure
What is a Pension Input Period (PIP) and how to identify it for a member of an Occupational Pension scheme
What is the Pensions Input Amount (PIA) and how to calculate it for an occupational scheme member (covering both Defined Benefit and Defined Contribution Schemes) <ul style="list-style-type: none">including additions and subtractions from the closing value
How the carry forward provisions affect a members Annual Allowance figure
The Impact of Money Purchase Annual Allowance Rules
What are the exemptions to the Annual Allowance test
What are the disclosure requirements surrounding the Annual Allowance
How much is the Annual Allowance charge and how it can be paid, including the “scheme pays” option and the rules surrounding this.

The Learning Outcomes for this Unit:

On successful completion of this unit learners will:

1. Know why the Annual Allowance was introduced and why it has been reduced significantly.
2. Know how to identify a Pension Input Period (PIP) for an occupational pension scheme member
3. Be able to calculate a Pension Input Amount (PIA) for:
 - a. a defined benefit scheme member and,
 - b. a defined contribution scheme member
4. Identify the key features of the carry forward provisions and demonstrate how a member is able to make use of them
5. Identify circumstances when an Annual Allowance test is not applicable
6. Know the key timescales in disclosing information to a member and what has to be disclosed
7. Know the key features of the “scheme pays” provisions for the annual allowance charge

Assessment Method

Assessment is via examination compiled, carried out and marked in-house (PMI recognised centre). Assessment is to cover all learning outcomes in order to pass the unit.