

THE PENSIONS MANAGEMENT INSTITUTE
QUALIFYING EXAMINATION APRIL 2019

DEFINED BENEFIT ARRANGEMENTS

Notes: Three hours are allowed for this paper. Answer all parts of all questions. In a multi-part question when the marks are not equally divided a guide to the available marks for each part is shown. A small number of marks may be awarded for appropriate and relevant communication and formatting.

1. Outline the basis behind the risk-based PPF levy (4 marks) and explain how the levy is calculated. (16 marks)
(20 marks)

2. A member of the 123 Defined Benefit Pension Scheme is about to retire at the age of 60. He has a pension and a small fund of Additional Voluntary Contributions. Write a briefing paper for his Employer outlining the various types of lump sums available for the member, including, where applicable, how they may be taxed. (27 marks plus 3 marks for format)
(30 marks total)

3. What are the options available to trustees in respect of insurance policies held as assets of the scheme in the event of the scheme winding-up.
(5 marks)

4. The Pensions Regulator provides guidance to pension scheme trustees. Outline the guidance issued in relation to:
 - (i) Internal controls (6 marks)
 - (ii) Trustee knowledge and understanding (5 marks)
 - (iii) Incentives exercises (4 marks)
(15 marks total)

5. You are in-house Pensions Manager for a large Defined Benefits pension scheme. Write an article for your Company's monthly news update explaining:

- (i) The main purpose of an actuarial valuation (2 marks)
- (ii) The information to be included in the valuation report (18 marks)
- (iii) The information to be provided to scheme members. (2 marks)

An additional 3 marks awarded for writing an article.

(25 marks total)

6. List the reasons why a pension scheme member may be temporarily absent from work for long or short periods of time. (5 Marks)

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