



# Core Unit 1A – Providing for Retirement

## Assignment 2 Notes

*(Part 2 – Parties Involved)*

*Recommended Time: 1 Hour*

**1. List 5 types of enquiries dealt with by the National Insurance Contributions and Employers Office.**

**5 marks**

List should include five of the following:

- Class 1 National Insurance rates and thresholds
- Statutory Payments
- Married Women's Reduced Rate Election
- National Insurance statement requests
- Class 3 National Insurance
- Employment histories

(Relevant section of the manual is Part 2 Chapter 1.11.2.)

**2. Outline the statutory requirements that apply to the trustees of most occupational pension schemes.**

**10 marks**

Answer should cover the following:

- Prepare a triennial actuarial valuation, schedule of contributions, statement of funding principles, annual funding report and any recovery plan (Defined Benefit scheme only)
- Payment schedule (Defined Contribution scheme only)
- Statement of Investment Principles
- Internal Dispute Resolution Procedure
- Ensure that they do not discriminate against members
- Pay cash equivalent transfer values
- Comply with disclosure requirements
- From April 2015 Chair's statement of compliance with governance standards and charge controls (Defined Contribution schemes only)

(Relevant section of the manual is Part 2 Chapter 1.15.1.)



**3. Outline the role of the trustees' legal adviser.**

**10 marks**

Answer should cover the following:

- Advising the trustees on their legal duties and responsibilities
- Advising the trustees on the legal and regulatory requirements that apply to their scheme
- Advising the trustees on the interpretation of the scheme's governing documentation
- Drafting any changes that need to be made to the scheme's governing documentation
- Drafting documents
- Advising on the legal aspects of corporate transactions
- Advising on disputes in relation to the scheme

(Relevant section of the manual is Part 2 Chapter 1.19.1.)

**4. Explain the function of an Independent Governance Committee and when a Governance Advisory Arrangement may be established.**

**10 marks**

Answer should cover the following:

- Operation of Independent Governance Committees (IGCs) by providers of workplace contract-based schemes from 6 April 2015.
- IGCs to act in the interest of policy holders, independently from the provider.
- Provide communications to scheme members and employers
- Report on quality standards, value for money
- Can escalate concerns to members employers and the Financial Conduct Authority
- Chair responsible for publishing an annual report
- Providers with small and less complex workplace personal pension schemes will be able to establish a Governance Advisory Arrangement instead of an IGC.

(Relevant section of the manual is Part 2 Chapter 1.16.)

**5. Identify the members and beneficiaries under a pension scheme.**

**5 marks**

Answer should cover the following:

- Active members
- Deferred members
- Pensioners
- Spouses, civil partners and dependants; and
- The employer (for an occupational pension scheme)
- From 6 April 2015 possible to pay death benefits to nominees (Defined Contribution schemes only)

(Relevant section of the manual is Part 2 Chapter 1.17.)



6. **Outline the role of an Insurer for contract-based schemes and for trust-based schemes.**

**5 marks**

Answer should cover the following:

- Provider of contract-based schemes such as personal pensions and Stakeholders
- Provider of insurance (e.g. lump sum death benefits)
- Provider of annuities
- May provide facility for Additional Voluntary Contributions
- Policies may be in name of employer, trustees or individual members/beneficiaries.
- Contractual relationship will determine who can enforce the terms of the policy

(Relevant section of the manual is Part 2 Chapter 1.22.)

7. **List 5 different types of advisers that may be appointed by the trustees of an occupational pension scheme.**

**5 marks**

List from the following:

- A legal adviser
- An investment adviser
- An actuary
- An auditor
- A benefits consultant
- A communications or member engagement consultant

(Relevant section of the manual is Part 2 Chapter 1.19.)