



Defined Benefit Arrangements

Assignment 1

(Part 1 – Scheme Design)

Recommended Time: 3 hours

1. A member of a non contributory scheme asks you to explain why they should not assume the benefits from a DB scheme are guaranteed. How would you answer?

10 marks

2. Describe the arrangements that could be used for individuals or small groups of members, such as an employer's senior executives.

10 marks

3. You are making notes before drafting a paper for a client who is initiating a review of their DB final salary scheme as the way to provide retirement benefits in the future.

Draft an introduction then list and briefly describe the elements of a DB final salary scheme's design and their relevance that you expect to discuss with the client.

20 marks

4. You work for a third party administrator and administer a range of schemes for various clients. Draft some notes that you could provide to a new colleague to outline the various benefit design variations that your clients' schemes might adopt.

20 marks

5. You are the consultant to an employer who has decided to restructure their DB scheme in order to reduce costs. Outline the restructuring options available to the employer and the extent to which these options could reduce the cost of the scheme to the employer.

20 marks

6. Employer A is in the process of purchasing Employer B which currently operates an occupational pension scheme. You have been asked by Employer A to outline their responsibilities and the options available to them regarding the pension arrangements for the employees who are being transferred to Employer A.

10 marks

7. Summarise the impact of the following key Acts:

- Finance Act 2013
- Taxation of Pensions Act 2014
- Pension Schemes Act 2015
- Finance (No 2) Act 2015
- Public Service Pensions Act 2013

10 marks