



# Defined Benefit Arrangements

## Assignment 5

*(Part 5 – Winding Up and the Pension Protection Fund)*

*Recommended Time: 3 hours*

1. Identify and describe the two main situations where an occupational pension scheme will terminate and describe the circumstances in which the Pensions Regulator may give directions to facilitate the wind up of a pension scheme.  
**15 marks**
2. You are the consultant to a scheme that has just started to wind up. Prepare a short paper for the trustee board outlining the current priority order which applies to the scheme.  
**10 marks**
3. You are the consultant to a scheme which has just secured full benefits for its members with an insurer. There are now surplus assets and the Trustees are considering repaying the surplus to the employer. Write a short paper for the Trustees explaining what they will need to do if they decide to repay surplus.  
**10 marks**
4. Outline the 3 main ways in which GMP rights can be secured when a scheme winds up.  
**5 marks**
5. Outline the two options available on winding up in relation to insurance policies held as assets of the scheme.  
**5 marks**
6. List five qualifying insolvency events for PPF entry and outline the main tasks that should be completed in the first 100 days of a scheme entering a PPF assessment period.  
**15 marks**
7. You have been asked you to describe the main reasons for completing a Data Audit in the PPF assessment process. Write a short paper in response.  
**10 marks**
8. Describe the 3 levies that the PPF raises and outline the 3 different types of contingent assets that are potentially recognised in the PPF levy calculation.  
**15 marks**
9. You are the consultant to a DB scheme. The Trustees of the scheme have asked for your assistance in helping them to understand how the PPF works out the PPF levy due from a scheme. Write a brief paper for the Trustee Board describing the calculation basis for the PPF levy.  
**15 marks**