



Defined Benefit Arrangements

Mock Examination

1. You are an experienced administrator for a large defined benefit final salary scheme and you are about to start training a junior member of staff. Prepare some notes that you could use whilst training your colleague, and that you could give to them for future reference, to:

- explain the differences between a final salary scheme and a career average revalued earnings scheme
- distinguish between a buy in and a buy out

20 marks

2. Prepare some notes explaining how the ending of contracting out in April 2016 affected a member's and employer's National Insurance contributions and the benefits a member receives from a former contracted out defined benefit scheme.

10 marks

3. You are a pension scheme administrator. A new colleague in your team has asked you to explain the general legislative / statutory minimum level of benefits that must be made available to current early leavers (i.e. on leaving before retirement) from registered pension schemes. They have also asked you to include the key related requirements.

Write a paper for your colleague explaining:

- What happens if the member has been automatically enrolled and opts out within the one month opt out period
- Options if the member has less than 3 months' qualifying service
- Options if the member has between 3 months' and 2 years' qualifying service
- Options if the member has at least 2 years' qualifying service

20 marks

4. You are a consultant for a defined benefit scheme. A new trustee has asked you to draft a paper explaining:

- the issues that need to be taken into account when setting the basis for the calculation of individual transfer values, and
- the actions the scheme has to take when a member requests a statement of their transfer value

20 marks



5. You are a consultant for a defined benefit scheme. A colleague has asked you to prepare some notes explaining the options available to the scheme when a member asks to transfer in benefits from another scheme.

10 marks

6. A member has written to the trustees to seek assurances that the scheme is adequately funded and in particular is asking for confirmation that in any event, the Pension Protection Fund (PPF) they have heard about will mean every member's benefits are completely protected. The trustees have asked for your assistance on answering the point about the PPF.

Draft a section of the letter which the trustees could insert in their letter.

20 marks