



Defined Contribution Arrangements

Assignment 3

(Part 3 – Benefits from Workplace Defined Contribution Schemes and Part 4 - Defined Contribution Scheme Governance and Investments)

Recommended Time: 3 hours

1. You are the Scheme Administrator for the ABC Defined Contribution Scheme and you have been notified that a member aged 64 on a high salary and with a large accumulated pension fund has died in service. Prepare a short note to a newly appointed member-nominated trustee advising her of the potential options for dealing with death benefits in this case and summarising the tax treatment of such options.

10 marks

2. A member with a right to a statutory transfer has been provided with a cash equivalent transfer value and responds by applying for an overseas transfer. Outline the matters that need to be taken into account by a Scheme Administrator in responding to and processing such a request.

12 marks

3. You are a Pensions Consultant for the XYZ Defined Contribution Scheme and the Trustees are considering offering members the option of taking their retirement benefits either as an Uncrystallised Funds Pension Lump Sum (UFPLS) or via the combination of a Pension Commencement Lump Sum (PCLS) and a Flexi-Access Drawdown (FAD) fund. Prepare a paper for the Trustees contrasting the key features of the two options.

20 marks

4. Explain the conditions that apply to the new options introduced in 2018 for bulk transfers without consent.

8 marks

5. The PQR Defined Contribution Scheme is a new scheme about to be set up. Its intended trustees have asked you, the Pensions Consultant, about the requirement to appoint a Chair of Trustees and issue an annual Chair's statement. Prepare a briefing paper for the future Trustees which outlines the appointment of a Chair, the responsibility for producing the Chair's annual statement and the information that must be included in it.

20 marks

6. Outline the key features of balanced funds, multi-manager funds and the slippage cost method.

10 marks

7. Describe the key elements in designing a default fund for a qualifying DC scheme, including which funds qualify as default funds and the restrictions that apply to member-borne deductions.



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20 marks