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Taxation, Retail Investment and Pensions

Assignment 5 Notes

# (Part 4 – Health and Risk Benefits)

*Recommended Time: 3 Hours*

1. **Describe the difference between Statutory Sick Pay and Employment and Support Allowance.**

**15 marks**

A full answer should cover the features of each, including rates and eligibility.

Relevant sections of the manual are Part 4 Chapter 1.1.1 and 1.2.3

**15 marks**

1. **Describe the main types of medical expenses schemes.**

**10 marks**

Answers should include detail on individual, affinity, voluntary and company plans as well as the types of cover: fully insured, cost plus and self-insurance.

Relevant section of the manual is Part 4 Chapter 2.6.4

**10 marks**

1. **Write brief notes on:**
2. **Pension Credit**
3. **Income Support; and**
4. **Universal Credit.**

**10 marks**

It can be assumed that broadly equally marks are available for each section, i.e. 3-4 marks.

Therefore, only the most important features of each are required.

Relevant sections of the manual are Part 4 Chapter1.2.1, 1.2.6 and 1.2.8

**10 marks**

1. **Describe the key features of income protection policies.**

**15 marks**

Answer should include detail on short and long-term provision and insurance arrangements:

* Exclusions
* Design features
* Costing
* Tax treatment

Relevant section of the manual is Part 4 Chapter 2.1

**15 marks**

1. **Explain the features of critical illness cover, long term care and personal accident insurance and highlight the differences.**

**15 marks**

Approximately 3-4 marks might be expected for each and the balance to cover the differences. Answers should include detail on the benefits, restrictions of cover and taxation aspects.

Relevant sections of the manual are Part 4 Chapter 2.3, 2.4 and 2.8

**15 marks**

1. **Outline the tax treatment of medical expenses schemes.**

**5 marks**

Answers should cover:

* Individual plan
* Insurance Premium tax
* Value Added Tax
* Group Plans.

Relevant section of the manual is Part 4 Chapter 2.6.5

**5 marks**

1. **A client has asked you to explain keyperson cover. Prepare an email note to outline the features and taxation position of typical polices.**

**10 marks**

As this question asks for a specific format 1 or 2 marks are available for presenting the answer as requested.

Relevant section of the manual is Part 4 Chapter 2.5

**10 marks**

1. **Explain how the following State benefits might be supplemented by insurance products:**
2. **Universal Credit**
3. **Statutory Sick Pay**
4. **Personal Independence Payment.**

**20 marks**

Approximately 6-7 marks are available for each section.

In addition to details on each benefit, it is expected that answers could suggest:

* Universal Credit might be supplemented by income protection policies
* SSP by critical illness cover, personal accident schemes or health care schemes
* P.I.P by critical illness cover

Answers should explain the choice of products.

Relevant sections of the manual are Part 4 Chapter 1.1.1, 1.2.1, 1.2.4, 2.1, 2.3, 2.4 and 2.6

**20 marks**