

Defined Benefit Arrangements Assignment 2

(Part 2 – Day to Day Administration)

Recommended Time: 3 hours

1. You are a senior administration manager training a junior colleague on the day to day aspects of scheme administration. You have to train them on AVC administration explaining the main types of AVCs, why members pay AVCs and the objectives of AVC administration. Draft some notes you can refer to cover these aspects and give to your colleague for future reference. **20 marks**
2. The trustees are considering the case of a member who is suffering ill health. They have asked for your help in establishing whether, under HMRC rules, the member would qualify for early retirement on grounds of ill health. They will also need to consider whether this might be a 'serious ill health' case.

Draft a brief paper to explain the conditions that would apply in both scenarios, to help the trustees consider this case and reach a decision. **20 marks**

3. You are a consultant helping an employer who administers their scheme 'in-house'. They are updating their procedures manual and have asked you to provide input on the section on 'HMRC requirements on paying Lump Sum Death Benefits'.

Draft the main points that they should include in the manual, with a brief explanation of each. **15 marks**

4. A member is leaving pensionable service with 1 year 9 months' qualifying service in a formerly contracted out scheme. Explain the benefit options available to them. **5 marks**
5. A member has just left pensionable service in a scheme which was contracted out until 5 April 2016, with entitlement to a deferred benefit. Describe the treatment of benefit in excess of the guaranteed minimum pension (GMP) in the period between the date they left and their normal pension age (NPA). **10 marks**
6. Outline the HMRC rules that apply in the event of a member transferring their benefits from one UK scheme to another UK scheme. **10 marks**
7. You are an administrator for the pension scheme and a new contact at the employer has asked you to prepare a summary paper explaining how the statutory rights to cash equivalent transfer values currently operate. They have also asked you to include details of the appropriate independent advice requirement. Draft the main points you should include in your paper. **20 marks**