

**Professionalism and Governance**

**Tuesday 6th October 2020 14.00pm – 17.00pm**

Centre Name

There is element to the question paper.

This contains several short answer questions. Attempt **ALL** questions in the green answer booklet **in pen**.

The total marks for this paper are 100.

THIS EXAMINATION PAPER REMAINS THE PROPERTY OF THE PENSIONS MANAGEMENT INSTITUTE AND MUST BE HANDED TO THE INVIGILATOR AT THE END OF THE EXAMINATION.

Three hours are allowed for this paper. Answer all parts of all questions. In a multi-part question when the marks are not equally divided a guide to the available marks for each part is shown. A small number of marks may be awarded for appropriate and relevant communication and formatting.

The total marks for this examination are 100.

Please make sure that you answer these questions in the green answer booklet in pen.

1. You are the Group Pensions Manager of a 10,000 member scheme with a defined benefit (DB) section and a defined contribution (DC) section. Both are open to future accrual, but only the DC section is open to new members and it is also the sponsoring employer’s auto enrolment vehicle. The administration is outsourced to a Third-Party Administrator (TPA). The Trustees want to understand how their members feel about the service provided by the TPA and do not want to use the TPA’s standard member survey. They are also worried about the potential cost of asking the TPA to run a bespoke exercise. As this would be a new initiative, the Trustees have no budget to help them.

 Write a report for the Trustees to discuss at the next Trustee Meeting covering:

1. How a member survey could work for the scheme and what benefits an effective survey could bring to managing administration quality.
2. How to deal with any dissatisfaction which may come through in the results.
3. The nature of costs which could arise – both for the Scheme and TPA.
4. How the Trustees should go about creating a budget to compare with the TPA’s standard fees for running a member survey.
5. How the Trustees could manage and monitor the budget in the future.
6. Recommendations on the next steps the Trustees should take.

(48 technical marks, 12 format/communication marks. Total 60 marks)

1. You are the Team Leader for a large Third-Party Administrator and your department has recently undergone a significant restructure. This is impacting negatively on client Service Level Agreements and your team of five is demotivated by all the complaints they are receiving and which they cannot do anything about. Three of your team have indicated that they are considering leaving the organisation.
2. Identify the relevant section(s) of the Code that could apply to this situation. (4 marks)
3. Outline the actions, if any, you could take to deal with this situation. (6 marks)

(Total 10 marks)

1. You are in your second year of working in pensions administration and your training is going well. You report to a senior administrator and you are confident in the work you are being asked to do to support them in delivering a key internal project. However, the senior administrator has now gone on extended sick leave and your manager is saying your study leave will be cancelled until you complete the project.
2. Identify the relevant section(s) of the Code that could apply to this situation. (8 marks)
3. Outline the actions, if any, you could take to deal with this situation. (7 marks)

(Total 15 marks)

**Question 4**

1. Describe the two main additional risks facing the trustees of defined benefit (DB) schemes compared with those facing the trustees of defined contribution (DC) schemes. (3 marks)
2. Outline the ways trustees can seek to ensure members’ benefits from DB schemes are paid in full. (12 marks)

(Total 15 marks)

**Total Marks for Paper 100**